The 'Virtuous Investor' - Stakeholder Management in the Impact Investing Ecosystem of the Benelux

Master's Thesis

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TU Delft

The 'Virtuous Investor' - Stakeholder Management in the Impact Investing Ecosystem of the Benelux

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Summary

This thesis delves into the **ethical dimensions of stakeholder management** within the growing **impact investing ecosystem**, with a specific focus on the **Benelux region**. Impact investing is distinguished by its **dual objective** of generating financial returns alongside measurable social and environmental benefits. Thus, it necessitates a unique approach to stakeholder management, particularly by **fund managers** who play a pivotal role in aligning the often-competing logics of various stakeholders. The research addresses the need for a **comprehensive ethical framework** that guides fund managers in their interactions with **internal and external stakeholders** (investors, social enterprises, beneficiaries, and regulatory bodies). The study is grounded in **neo-Aristotelian virtue theory**, which provides a normative foundation for exploring the **moral and epistemic virtues** required for effective stakeholder management in impact investing. With **normative stakeholder theory** and **institutional theory** as auxiliaries, the thesis offers a holistic view of the ethical challenges and opportunities in the field. The **methodology** includes a thorough literature review to establish a **theoretical model of ethical stakeholder management** by virtuous fund managers, which is validated by **abductive qualitative research** involving semi-structured interviews with **fund manager** and an analysis of **corporate documents** from impact investing firms in the Benelux. The research aims to uncover the institutional logics that influence fund managers' decisions and the character traits (virtues) that these managers embody in their professional roles. **Findings** from the research reveal that fund managers operate in a complex ecosystem where **ethical stakeholder management is crucial to the success of impact investments**.

Major contributions to academia stem from the uniqueness of this **explorative research** conducted. Not only do the insights derived pose **first in-detail depictions** of real-world stakeholder management practices (post-investment) in the cultural and regulatory spheres of the Benelux region, but **the alignment of neo-Aristotelian virtue theory with the character traits of fund mangers** at the forefront of stakeholder management is a **novelty in impact investing research**. The research showcases the **applicability of normative theories** on contemporary business practices in finance, with the tripartite theoretical design in combination with the triangulation of qualitative data proving the inter-operability aligning normative discussions with empirical findings. The complex methodology developed could constitute the foundation for **further empirical research** in business ethics in impact investing beyond the context and scope of the thesis. Often, current literature focuses mainly on financial and impact KPIs in impact investing, which **neglects its human component of value creation**. Challenging the status-quo, this thesis **identifies specific virtues**, such as integrity, empathy, and prudence, that are essential for fund managers to **navigate the moral dilemmas and pressures** inherent in impact investing. These virtues enable managers to build trust, foster collaboration, and ensure that investments not only achieve financial objectives but also deliver genuine social and environmental impact. The ethical **implications of these findings for fund managers** are manifold, highlighting their **role in mitigating** the risks of impact washing and enhancing the **credibility of impact investing**. The research also addresses the challenges posed by competing institutional logics, such as the **tension between profit maximization and social responsibility**, and how fund managers can balance these competing demands through virtues. Contrary to theory, a key finding is that the **financial narrative prevails** in practice as a reaction to market and stakeholder pressures. To address this offset and balance evident **moral obligations and fiduciary duties** that fund managers have, this thesis proposes a **set of ethical best-practice guidelines for fund managers**, aimed at **institutionalizing virtuous practices** within impact investing firms. These guidelines include **recommendations for cultivating moral and epistemic virtues**, enhancing transparency and accountability, and fostering a culture of ethical decision-making. By adhering to these principles derived from an ideal **'virtuous' exemplar of ethical stakeholder management**, fund managers can contribute to the legitimacy of impact investing.

Keywords: *Impact Investing, Stakeholder Management, Ethical Framework, Neo-Aristotelian Virtue Theory, Exemplarism, Fund Manager, Benelux Region*

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List of Acronyms

AI Artificial Intelligence

ALFI Association of the Luxembourg Fund Industry

BaVs Base-Virtues

BE Belgium

Benelux Belgium, the Netherlands, and Luxembourg

B2B Business to Business

B2C Business to Consumer

BV Besloten Vennootschap

BVA Belgian Venture Capital & Private Equity Association

CICs Community Interest Companies

CoVs Core-Virtues

CSR Corporate Social Responsibility

CSRD Corporate Sustainability Reporting Directive

EIB European Investment Bank

ESG Environmental, Social and Corporate Governance

EU European Union

Febelfin Belgian Federation of the Financial Sector

FMO Netherlands Development Finance Company

GIIN Global Impact Investing Network

GIIRS Global Impact Investing Rating System

GPs General Partners

gGmbH Gemeinnützige Gesellschaft mit beschränkter Haftung

GSIA Global Sustainable Investment Alliance

IICs Impact Investing Companies

IIFs Impact Investing Funds

IIPC Impact Investing Policy Collaborative

IPO Initial Public Offering

IRIS Impact Reporting and Investment Standards

IRR Internal Rate of Return

LPs Limited Partners

LPEA Luxembourg Private Equity & Venture Capital Association

LU Luxembourg

NAB Netherlands Advisory Board on Impact Investing

NL Netherlands

NVP Dutch Private Equity & Venture Capital Association

NV Naamloze Vennootschap

OPIM Operating Principles for Impact Management

PE Private Equity

RQ Research Question

ROI Return on Investment

SA Société Anonyme

Sàrl Société à Responsabilité Limitée

SCIs Socially Conscious Investments

SDGs Sustainable Development Goals

SEs Social Enterprise

SERs Social and Environmental Returns

SFDR Sustainable Finance Disclosure Regulation

SIBs Social Impact Bond

SMEs Small and Medium Sized Enterprises

SOOs Socially Oriented Organizations

SQs Sub-Questions

SRIs Socially Responsible Investments

SuVs Super-Virtues

UK United Kingdom

UNs United Nations

VC Venture Capital

VBDO Dutch Association of Investors for Sustainable Development

WTP Willingness to Pay

1 Introduction

1.1. Background and Context

Amplified by state-of-the art technologies in the life-sciences, Artificial Intelligence (AI), education, finance, and mobility, innovative socially oriented for-profit organizations are entering the market throughout the world with the intent to create positive social and environmental impact. This impact can be directed to stakeholders of developing and developed socioeconomic environments alike (Höchstädter and Scheck, 2015), and is fueled by a growing demand for capital to achieve the 17 United Nations (UNs) Sustainable Development Goals (SDGs) by the year 2030 (Gutterman, 2020). This constitutes a global financing gap initially forecasted to require USD 2.5 trillion annually (Doumbia and Lauridsen, 2019), an enormous number further increased by the most recent COVID-19 pandemic, now exceeding USD 4.5 trillion (Singhania and Swami, 2023). In this regard, Yaşar (2021) states that "government and philanthropy resources are not sufficient to solve the most critical challenges" (p. 178), a circumstance where **impact investing** as an investment philosophy arises as a way to provide capital to serve the financing gap. Impact investing is a burgeoning investment strategy in the middle-ground between profit seeking venture capitalism and philanthropy (Höchstädter and Scheck, 2015; Holtslag et al., 2021; Migliavacca et al., 2022). Institutional, individual, and public investors seek financial intermediates (such as private equity/venture capital funds, (real) asset managers, or financial advisors) to channel their capital into Socially Oriented Organizations (SOOs) creating social and environmental impact whilst creating financial returns (either capital preserving, risk-adjusted, or market rate conform).

As being a relatively new category of investment originating from practice, impact investing is a differently defined concept throughout the literature. A first explicit usage of the term is supposed to have occurred during a meeting of 20 people at the Rockefeller Foundation in 2007 (Bugg-Levine and Emerson, 2011), the conceptualization of a field that has evolved ever since. The official definition of impact investing by the Global Impact Investing Network (GIIN), the leading global network of impact investing, is that "impact investments are investments made into companies, organizations and funds with the intention to generate positive, measurable, social and environmental impact alongside a financial return" (Hand et al., 2023, acknowledgments). In relation to this wording, Höchstädter and Scheck (2015) criticize the lack of uniform definition as a barrier to academic legitimacy of impact investing. As disclaimed by the GIIN, the definition of what entails impact investing is kept ambiguous on purpose to allow a broad adoption and development of the industry - which by most recent statistics (2022) gathers more than 3,349 distinct organizations currently managing USD 1.164 trillion of impact investing assets under management worldwide (Hand et al., 2022).

In conjunction with the profit seeking nature of impact investors, out of the many shapes SOOs take, Social Enterprise (SEs) are the primary target of the investors' investments intended to result in both profit and positive socioeconomic impact (Battiliana et al., 2012). Differing from other SOOs (e.g., benefit organizations, charities, not-for-profits, cooperatives), SEs as for-profit organizations seek to create socioeconomic value utilizing technology besides offering a product or service to customers for pay. These organizations can be active in all fields of businesses, form Business to Business (B2B) software to Business to Consumer (B2C) agriculture and food technology. A study by Barber et al. (2021) supports the fact that below market rate returns (concessionary) can be achieved for investors (besides positive impact for the society), a factor relevant for the investors' Willingness to Pay (WTP) for impact investing (see Islam (2022)).

In direct comparison to other concepts of sustainable investing (e.g., venture philanthropy), a key distinguishable feature in impact investing is the **special stakeholder relation** between the managers of financial intermediaries (here Impact Investing Companies (IICs)) with their investors (institutional, individual, and public entities), their investees (here the SEs), as well as beneficiaries, regulators and networks (Bandini et al., 2022; Holtslag et al., 2021). These IICs are organizations that pool capital raised from the aforementioned investors in the form of Impact Investing Funds (IIFs). For this research, an IIC is defined as a Venture Capital (VC) or Private Equity (PE) firm that actively engages in sustainable investments under the 'impact investment' criterion as defined in Section 3.1. One IIC can manage one or more IIFs, with the IIFs as the organizational investment entity investing into the SEs. In general, an individual IIF is being supervised by one or more General Partners (GPs) and their team, who are either employed by the IIC or identical with the higher management of the IIC. The more complex the structure of the IIFs and the higher the capital managed, the more compartmentalized is the management of an IIF. Hence, the responsible GP can be the responsible stakeholder manager, but with bigger reach of the fund this position is taken by a specialized stakeholder manager (often in the rank of a partner/investment manager/associate) - in either case here and in the following defined as the **'fund manager'** as the most senior partner/investment manager involved in stakeholder management.

The relation between a fund manager and their **stakeholders** is characterized by a profound degree of engagement (marked by trust, collaboration, guidance, power gradient, and governance) (Agrawal and Hockerts, 2019b; Bandini et al., 2022). Hockerts et al. (2022) outline the effect of this further, stating that not only the beneficiaries (target population) of the social enterprises experience impact, but that fund managers would "creatively destroy or transform existing markets" (p. 939) in a "Schumpeterian sense" (p. 939). These markets and industries are in a transitional stage within developed economies, evolving into the so-called Industry 5.0 (European Commission, Directorate-General for Research and Innovation et al., 2021; Leng et al., 2022). Industry 5.0 aims to include more stakeholders into economic development and participation. A growing number of scholars in social sciences, economics, political sciences as well as practitioners and regulators are urging to develop the current neoliberal shareholder economy (based on New-Keynesian and New-Classical economic schools) into a more inclusive stakeholder economy (Chiappini et al., 2023; Freeman et al., 2007; Froud et al., 1996; Yaşar, 2021).

Resulting from the pivotal position of fund managers, their internalized institutional logics - which are the frameworks of values, missions, beliefs, norms, rules, goals and principles inherent to their organization - resonate with those of their stakeholders. Thus, ethical considerations around the character of the fund manager are essential to be made in order to create legitimacy, transparency, and knowledge on best-practices in the field of impact investing (Agrawal and Hockerts, 2019a; Bandini et al., 2022). Impact investing constitutes a unique investment philosophy, in which business ethics play an essential role of stakeholder management and inclusion (Höchstädter and Scheck, 2015). The field of virtue theory comprises, among others, **virtue ethics** and **virtue epistemology** as the applications of the virtue ethical methodology to the studies of morality and knowledge (epistemology). Virtue theory shifts the focus onto the moral and epistemic (also called cognitive/intellectual) character and logics of the fund managers of IIFs and on how they[1] engage (or ought to) in ethical sound stakeholder management (de Bruin, 2013). Therefore, the way fund managers engage in effective and responsible stakeholder management is based on their moral and epistemic character traits - the analysis of which in reciprocation is going to be the essential theme of this thesis.

[1] **They** as a pronoun is used on the fund manager in Singular and Plural expressions not to associate any gender.

1.2. Problem Statement

Due to the **complexity of the impact investing ecosystem** with a high number of stakeholders - which are exposed to a variety of regulations, business ethics and competing institutional logics - it is important to investigate their relations, values, and missions from the perspective of the fund managers. They are to be seen as the **problem owners** of the focal perspective of the research conducted for this thesis. Their position is key in the allocation and efficiency of the investments made, together with the explicit and implicit impact generated. Uniquely, impact investing deals with stakeholder management and decision-making on the edge of the bipolar relation between creating positive socioeconomic and ecological impact to the beneficiaries of the activities of the enterprises the IIFs have invested into and the positive financial returns to the shareholders of the IIFs. This complicated relation and its ethical implications have not yet been investigated from the perspective of being a fund manager in impact investing. Neo-Aristotelian virtue theory seems to be a suitable theory to look into this, for reasons as follows: The broad normative reach of virtuous acting and thinking by moral agents onto their environment and the way the environment shapes the agent by being exposed to norms and rules; The compatibility of the theory of exemplars (see Subsection 3.3.5) with the role of fund managers in impact investing ecosystems; And the analogous nature of impact investing as the mean between socioeconomic impact and profit with virtue as the mean between two vice according to classical Aristotelian virtue theory on which neo-Aristotelian is based upon. This aforementioned deficit in research is lamented by contemporary literature, as these dynamics are not sufficiently researched and understood from a managerial perspective in business ethics (Agrawal and Hockerts, 2019b; Höchstädter and Scheck, 2015; Islam, 2022; Schlütter et al., 2023). Even though research on mechanistic aspects such as the measurement of non-financial impact and the creation of suitable investment vehicles (contracts) such as Social Impact Bond (SIBs) (Chiappini et al., 2023) are necessary endeavors for practitioners and scholars alike, a normative investigation on the ethical 'right' management of stakeholders to make ethically sound investments and to enhance the reputation of impact investing is essential for the field to gain acceptance among practitioners and to attract conventional (mere profit-seeking 'socially neutral investors') investors (Brest and Born, 2013; Godsall and Sanghvi, 2016; Migliavacca et al., 2022).

Moreover, scholars aiming at generating more comprehensive insights on management practices in impact investing - as the field as a whole is transgressing from "pre-paradigm stage to paradigm stage" (Agrawal and Hockerts, 2019b, p. 17) - have not yet developed an ethical framework around the fund manager's internal and external stakeholder management. This would allow to depict the manager's handling of differing values, missions, strategies and belief systems (logics) in their effort to mitigate risks originating from stakeholder tension in their ambition to create impact and pecuniary rewards. Scholars highlight the fiduciary duties of fund managers to their stakeholders (Gutterman, 2020), the importance of stewardship to their investees (Holtslag et al., 2021), and the overarching implications of impact washing (the misrepresentation of a company's social and environmental impact of their products and services) (Roor and Maas, 2024). In managing their active investment portfolio, fund managers' ethical practices in stakeholder management define the outcome of the impact investment. Their handling of stakeholders on the supply side such as investors guarantees the provision of needed capital, the social enterprises as the first instance stakeholders on the demand side (in a second instance, their beneficiaries), and external stakeholders such as national/supranational regulators/networks, is guided by ethical principals to be deciphered by this thesis for practitioners and scholars alike. Both seek to establish legitimacy and transparency in the field of impact investing, for it to be among other established forms of financially sound types of investing strategies such as private equity. Within the broader context of financing, an ethical framework built around fund managers of IIFs is going to raise the relative standing of impact investing, as bad practices, low performance, and high risks surrounding the success of impact deter financing entities (investors), who then might turn to invest otherwise (Migliavacca et al., 2022). Ultimately this loops back to the aforementioned financing gap in the UNs' sustainable developing goals, which experts expect not to be achieved without the abundant capital of private markets and responsible agents bringing the field of impact oriented private/public investments forward.

1.3. Research Objective

Agrawal and Hockerts (2019b) claim that the "lack of knowledge in the field [of impact investing] coupled with the lack of knowledge production of [the] field might be dangerous in the long run [to its success]" (p. 1). Hence, the objective of this thesis is to **explore and conceptualize an ethical framework** around the pivotal entity of the fund manager in the practice of impact investing. Figure 3.1 in Subsection 3.1.2 visualizes the fund manager and their institutions as the central intermediary between investors and associated stakeholders on the supply side (e.g., institutional investors), demand side (social enterprises and beneficiaries), and the ecosystem of impact investing (regulators, networks, etc.). This thesis investigates the stakeholder management strategies, ethical considerations, and best practices of fund managers within existing (post-investment) impact investments into social enterprises, thus creating an ethical framework aimed to be made accessible to the broader research community, practitioners, and regulators.

For this purpose, the thesis incorporates the three theoretical lenses of **stakeholder theory**, **institutional theory**, and the perspective of **neo-Aristotelian virtue theory**. They build the foundation of the key deliverable of an ethical framework of stakeholder management around the fund managers of IIFs embedded within the impact investing ecosystem of Belgium, the Netherlands, and Luxembourg (Benelux) - which includes the influence of stakeholders as facilitators of impact investments in social enterprises as described by Yaşar (2021) and demonstrated on the Netherlands by Aisenberg et al. (2019). Neo-Aristotelian virtue theory (in ethics and epistemology) represents the main philosophical approach utilized for the objective of the research, which is due to its practical implications on fostering morality and knowledge, hence acting effectively/responsible under various degrees of knowledge by moral agents (de Bruin, 2013). As the focus is on stakeholder relations, IIFs by IICs legally situated within the Benelux are being selected as the central actors within impact investing because of the nature of their predominately issued forms of investment - **debt** and **equity** (Glänzel and Scheuerle, 2016). In early stage SEs, the former is often linked to control mechanisms surveilling the success of SEs, which guarantees IIFs to have substantial influence on the invested company (e.g., seat on the board). The latter investment type allows for active participation in the investee's organization as shareholders have a standing in cooperative governance of the SE, therefore the highest degree of stakeholder interaction is expected.

Another aspect to the key deliverable is related the selected region, which **has not yet been explored** by empirical case studies applying a business ethics approach to the management practices around fund managers of impact investments. The Benelux region with its supranational regulation, facilitators, and networks acting constitutes a complex environment, best to be made accessible to practitioners, scholars, and regulators by the end product of this thesis. For research, this thesis aims to generate important insights to management practices under the scope of business ethics in the not yet scientifically robust field of sustainable investing principles (impact investing in particular). With the focus on fund managers (and their organization as a community), empirical findings on which future research can be built upon will be presented. This effort is backed by contemporary literature on sustainable investment practices and virtue theory (with a focus on neo-Aristotelian virtue ethics and epistemology). Using qualitative coding principles on large sets of comprehensive data comprised of corporate documents and semi-structured interviews with business professionals (which are active in leading the portrayed selection of IIFs of IICs within the impact investing ecosystem of the Benelux) this thesis is of high value to practice. The institutionalization of the research conducted is reflected on the implications for fund managers and their organizations (see the Set of Propositions in Appendix-Chapter F and the implications in Section 7.2). This thesis serves as a guide to corporate governance in social responsibility, reflects their stated code of ethics with a virtue theoretical framework, postulates strategies for the education and habituation of good ethical demeanor in stakeholder management and the management of the funds themselves, as well as discussing the role of managers within IIFs as the important actor of creating both positive social impact and financial returns by enabling ethical sound stakeholder management.

1.4. Motivation - Why impact investment and virtue theory?

The scope of this thesis as well as its intent, focus, and specific sectorial choice stem from the unique nature of impact investing itself, which aligns well with a modern neo-Aristotelian virtue theoretical framework as explained in the following.

First, this thesis is being conducted as a part of a thesis in the field of management, as well as aspects of economics and finance. The latter has shifted its focus in the western world since the Keynesian economics of the 1930s to the 1970s, in which the goal of finance and the allocation of capital to various forms of enterprises used to be conducive to prosperity and wealth of the society that constitutes the economy finance operated within. Finance had a purpose beyond itself - **Social Efficiency** - and was essential to rebuild Europe post-WW2 (Epstein and Crotty, 2013), boost demand, labor, and thus growth (T. Palley, 2011). Following excessive spending, two oil crises, and a change of the monetary system away from the gold standard in the 1970s, intense market stagnation and high inflation led to a turn to neoliberal economic policies (T. I. Palley, 2012, Ch. 3, pp. 21-31). This came along with the repeal of the Glass-Steagall Act (1933) and parts of the Bank Holding Act (1956) by the introduction of the Gramm-Leach-Bliley Act of 1999. This act revoked the separation of investment banks and commercial banks, which itself altered the purpose of finance not only to allocate capital and provide liquidity, but to generate higher profits to the shareholder of financial firms by new financial products and derivatives (T. I. Palley, 2012, Ch. 5, pp. 57-78). As this is nothing inherently bad on the first sight, mismanagement, greed, and criminal misconduct occurred. With it came a massive violation of fiduciary duties by individuals and their organization, all of which built up prior to the global financial crisis of 2008, which has caused great pain to a broad spectrum of private and public actors, with many people losing their jobs, pension, houses, financial credibility, etc. (Gorton and Metrick, 2012). This historical event and its dreadful consequence shapes modern management studies, as a lack of righteous ethical and financial demeanor of individuals, who hold great responsibilities in decision-making, has proven to negatively affect many of their stakeholders. These events and their reflection shaped the motivation of this research to look into business ethics in particular.

Secondly, impact investing is being chosen as the main research field as it consists of a complex ecosystem of codependent stakeholders (see Subsection 3.1.2), which are deeply embedded in both public and private institutions. With emphasis on both the balance sheets of all investment activities and the prosperity and wellbeing of the social enterprises (and their beneficiaries) involved, impact investing poses a **unique way** to address the global financing gap (see Section 1.1). Its attractiveness to potentially mobilize vast amounts of idle capital for positive impact causes to benefit society and contribute to an evolution of current financial system from a shareholder to a more inclusive stakeholder economy are demonstrated by academics (Höchstädter and Scheck, 2015; Holtslag et al., 2021; Migliavacca et al., 2022). The prospect of positive and long-term financial returns has the potential to redirect capital in the possession of private and public investors (see Subsection 3.2.1) who are inclined to make concessions to their potential returns for positive socioeconomic impact to their society (Barber et al., 2021). Hence, the focus of the research conducted in this thesis takes the particular focal perspective into impact investing rather than investment practices in general.

Thirdly, neo-Aristotelian virtue theory as part of normative ethics helps to navigate the ethical stakeholder management practices and moreover the general business ethical reasoning behind Socially Conscious Investments (SCIs) (beyond impact investing as a specialized form of ethical investing). As thoroughly explained in Section 3.3.3, classical Aristotelian virtue theory (which includes virtue ethics and epistemology) aims at postulating righteous acting and deliberation on the base of finding the 'good' mean between two bipolar opposites (extremes - vice). This is analogous to the investing philosophy of impact investing as the **mean between two 'extremes'** (in the descriptive sense that they are bipolar opposites, not in a normative value-bearing meaning) - venture capitalism and philanthropy. On the first sight, these two investment philosophies are of contradictory nature (as are the vice in virtue theory), with the goals of high financial returns and high impact not aligning well. But it is the fund managers task to enable the morally 'best' possible compromise to all stakeholders involved, to all outcomes possible. This is similar to the efforts made within the deliberation and acting of the neo-Aristotelian notion of the virtuous individual (Meyer et al., 2019). Due to this parallel, virtue theory is being selected

in contrast to the other two big normative ethics of consequentialism and deontology. Its concessionary nature in anticipating virtue is analogous to the concessionary nature of the goal of impact investing. Contemporary preference for utilitarianism by mainstream economists and decision makers in finance and politics as a part of consequentialism (as postulated by Jonathan Bentham as the main economical framework of Adam Smith and subsequent economical schools of thought) has apparently not led to a shift in macro economical thinking towards proactively tackling climate change, poverty, pollution, negative externalities of production and other socioeconomic challenges of present times - else the global financing gap would probably not exist. This thesis takes the position that a substantial amount of capital has not been mobilized yet, which could be linked to short-termism and the focus on high profits derived from a very utilitarian business education in modern finance (Richardson and Cragg, 2010). Often, this entails a mere capitalist incentive to generate the highest possible returns at lowest risk to capital emphasizes investments into flexible, short term investments of low determination, high volume, and high intensity. These capital transfers into conservative financial instruments do not necessarily favor any sustainable practices or practices conducive to society (Richardson and Cragg, 2010). Virtue theoretical implications have not yet been studied **sufficiently to falsify positive effects** of taking a virtual ethical narrative in stakeholder management and decision-making for ethical and financially sound investment practices. Due to this moral specification, the motivation is to build a conceptual framework on the alignment of impact investing and virtue theory, a novelty in research for academia and practice to the best of the knowledge of the author.

1.5. Research Question and Sub-Questions

The aforementioned dynamic relations and their implications for ethically and financially sound stakeholder management of fund managers embedded in a complex impact investing ecosystem of many actors result in the following main Research Question (RQ) and associated Sub-Questions (SQs), which answering structures this thesis. The work conducted aims to perform an iterative abductive reasoning approach, which integrates deductive formation of a theoretical model of ethical stakeholder management from the literature whilst allowing for inductive refinement of the initial hypotheses made on virtuous stakeholder management practices based on neo-Aristotelian virtue theory due to the qualitative analysis of data accumulated (by qualitative coding of text material and the transcripts of semi-structured interviews conducted; see Chapter 2). Improving fund managers' stakeholder management strategies of active impact investments based on broader neo-Aristotelian virtue theory, and providing scholars with knowledge on ethical aspects of impact investing at the institutional level of financial intermediaries (here the IIFs as the organizational investment entity of IICs), brings clarity to a crucial part of impact investing into social enterprises. Hence, the main RQ, and its SQs, derive naturally from the intent of the thesis. Moreover, the set of premises made for the theory testing of the qualitative research design (see Appendix-Chapter A) is based on the SQs. Qualitative analysis in the form of both deductive and inductive coding (middle-ground approach) leads to answering them. Overall, the effort to answer the sub-questions is iterative. Therefore, the following enumeration of sub-questions is not strictly to be seen as the order of answering them consecutively throughout the thesis journey but as questions which answers are collected iteratively and gain from the insights of each other. The **main research question** of this thesis is:

RQ: 'How can fund managers of impact investing funds manage their relationship with internal and external stakeholders - which partake in made investments into social enterprises - in an ethical sound manner?'

The first sub-question concerns the structural features of internal and external stakeholders as perceived by scholars and practitioners of impact investing. In order to draw information on their nature (e.g., organizational structure, missions, functionality, business strategy, individuals), we must first look into which stakeholders exist within the impact investment ecosystem: **SQ 1: 'What are characteristics of internal and external stakeholders which take part in the investment (within the Benelux as an impact investing ecosystem)?'**

The second sub-question connects the stakeholders retrieved from the first sub-question by investigating the networks of collaborations, mission, and values between investors, financial intermediaries, and social enterprises. By adding the dimensionality of intangible aspects of the relation between stakeholders (and the individuals they include), it is possible to develop the normative nature of the framework that constitutes the central element of this thesis: **SQ 2: 'How is the network of collaborations, missions, and values structured at the inter-organizational level (between investors, financial intermediaries, and social enterprises)?'**

The third sub-question sets the focus on the fund managers of IIFs as the central moral/epistemic agents of the impact investing process. This question explores the experiences of fund managers (and stakeholders) in mitigating competing institutional logics that are prevalent at the financial intermediaries. Because institutional logics are strongly aligned with the social/financial intent of stakeholders, the ethical responsibilities of fund mangers to give voice and act 'properly' are addressed by posing the sub-question: **SQ 3: 'What are competing institutional logics fund managers have to mitigate between themselves and their stakeholders?'**

The fourth sub-question aims at looking into the lived moral and epistemic qualities of the fund managers. It questions the way these persons think and act in their work in impact investing as perceived by their external and internal stakeholders (such as investors, partners, subordinates, social entrepreneurs, networks and regulators) as well as their own perception of themselves. The question is directed at the virtues and vice that fund managers embody when situations in stakeholder management and decision-making demand responsible action: **SQ 4: 'What are the character traits (virtues/vice) of fund managers as perceived by their stakeholders, partners and themselves?'**

The fifth sub-question reflects on the normative (moral) implications of lived virtues that agents such as fund managers entail given their moral and epistemic character traits. From a virtue theoretical position, this question reflects the ethical implications of epistemic/moral virtue/vice and the consequences they cause to effective stakeholder management based on neo-Aristotelian virtue theory. This part explores a modern interpretation of the neo-Aristotelian virtues in business, impact investing in particular and aims to address the implications of virtue with regard to institutional logics for the professional fund manager in stakeholder management: **SQ 5: 'What are the ethical implications of such character traits in stakeholder management of impact investing?'**

The sixth sub-question aims to conceptualize a theoretical 'good' moral/epistemic agent (the fund manager) based on the critical reflection on the insights derived from the answers to the previous two sub-questions, that may or may not validate concepts of neo-Aristotelian virtue theory in business. The created artificial agent is a product of real character traits expressed by fund managers in the Benelux that are useful in ethical stakeholder management (based on the insights generated from the thesis research) and a triangulation with the normative reasoning that constitutes neo-Aristotelian virtue theory: **SQ 6: 'How should a 'good' fund manager think and act according to the philosophical framework of virtue theory (complemented with stakeholder and institutional theory)?'**

Finally, the seventh sub-question loops back to the research problem and objective to build a conceptual framework on ethical sound stakeholder management. The question aligns those strategies as used by practitioners, as proposed by scholars, and as deduced from the synthesis of stakeholder and institutional theory with neo-Aristotelian virtue theory. It builds on the theoretical outcome of the sixth sub-question by proposing a set of guidelines for impact investing practice - in order to foster moral/epistemic virtues for the success of active investments and increasing professionalism for the field of impact investment as a whole. Moreover, it proposes strategies to mitigate moral/epistemic vice and the challenges of acting responsible in a state of uncertainty: **SQ 7: 'How should ethical best-practice guidelines for effective and responsible fund managers, active in stakeholder management, look like?'**

The meta-structure of the sub-questions is analogous to the shape of an hourglass: The questions develop with the answers to every single question from a broad descriptive approach over to a broad normative discussion, switching whilst investigating specific character traits in fund managers (SQ 4).

Figure 1.1 helps to understand the logical structure of **the sub-questions one to seven** for the sake of answering the main research question of the thesis. In detail, it does so by starting to investigate the characteristics of stakeholders (institutions) within the impact investing ecosystem (SQ 1), delving further into their inter-connected network of collaborations (SQ 2), thoroughly reflect on how fund managers handle institutional logics (SQ 3), portraying specific character traits of individual fund managers (SQ 4), opening up the discussion to incorporate normative implications of said character traits (SQ 5), conceptualizing an 'archetype' of an ethical sound fund manager (SQ 6), and finalizing by developing ethical best-practice guidelines to all fund managers of IIFs (SQ 7) for them to apply those to become better - 'virtuous investors'. The final question loops back to the main research question of effective and responsible stakeholder management.

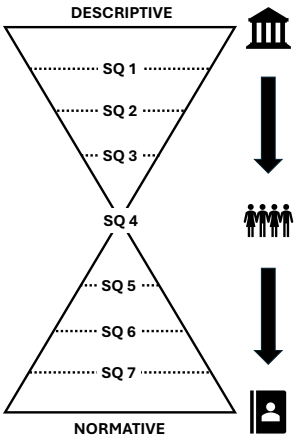

Figure 1.1: This figure exemplifies the switch from descriptive to normative questioning.

1.6. Thesis Outline

This section outlines the structure of the thesis. In five subsequent chapters after this introduction (here **Chapter 1**), the research question and its sub-questions are being answered methodologically following the structure of the conceptual framework of ethical stakeholder management as the product of the Master's Thesis research.

Chapter 2 elaborates on the methodology of the thesis (see Chapter 2). It focuses on the research design (*abductive research design*) (see Section 2.1), the accumulation of literature and the development of theory (Subsection 2.2). Thereafter, the chosen format of data collection applied to IICs and their IIFs is going to be addressed (Section 2.3). This includes the criteria for the selection of IICs in the Benelux, what type of corporate data is collected (letter to shareholders, etc.), how the semi-structured interviews are being approached, and how those are being transcribed for subsequential analysis. The part dedicated to the analysis (Section 2.4) itself elaborates the coding approach (*middle ground approach*) of the extracted corporate documents and the transcribed interviews. Then, the sample strategy of targeting IICs and their funds within the impact investing ecosystem of the Benelux (cultural, structural, legal similarities, etc.) and the scope (including the open sectorial focus regarding achieving SDGs) is being explained (Section 2.5). Further, the validity, reliability, robustness, and limitations of the research is addressed and reflected upon (Section 2.6). Lastly, this second chapter ends with thoroughly addressing the distinct methodological approach to all sub-questions as the effort to fulfill the research objective and answer the main research question (Section 2.7).

Chapter 3 encompasses the insights of the comprehensive literature review, which constitute the theoretical background of the research (see Chapter 3). The theoretical elaboration commences with the definition of impact investing (Section 3.1), its origin in the field of general social responsible investments as the evolution of classical return oriented investments and finance, as well as the 'orthodox' definition of impact investing as perceived today. Then, the chapter introduces the main stakeholders within impact investing with focus on the Benelux (Section 3.2), which includes supply side investors, the IICs and their IIFs as the key financial intermediaries, SEs on the demand side of impact investments, and the stakeholders of the conceptualized Industry 5.0 of the European Union in the case of the Benelux. Following this part is the profound examination of theories and themes underlying ethical impact investing (Section 3.3). This part entails inter-organizational stakeholder relations and their ethical implications from the focal perspective of stakeholder theory, institutional theory, general business ethics in finance and investing, virtue theory, and the reflection of moral constructivism on normative meta-ethics. In the end, this third chapter elaborates on the synthesis and integration of the findings from the literature review for the usage within this research (Section 3.4), the state of the literature and knowledge gap in the field of ethical stakeholder management in impact investing in academia (and how this thesis is addressing this) (Section 3.5), and lastly the prelude to the conceptualization of the findings conducive to the research objective of the thesis (Section 3.6).

Chapter 4 forms the first part of the result chapters and the conceptualization of the analysis of the literature and theoretical reflection to build the theoretical model of ethical stakeholder management in impact investing and to construct the 'ideal' (virtuous) fund manager (see Chapter 4). Hence, the chapter follows the structure of the sub-questions to be partially answered, for them to be validated by empirical data (see Chapter 5) and discussed (Chapter 6) in later parts of this thesis. The chapter starts by addressing the stakeholders of IICs (Section 4.1) introduced in Chapter 3 and elaborating them further (**SQ 1**). Afterwards, the model analyzes the collaboration within the impact investing community by the expression of logics inherent to its members (Section 4.2), addressing **SQs 2+3**. Following, the focus turns inwards to investigate inter-stakeholder communications, engagement, and intangible resources in impact investing such as trust (Section 4.3), adding to the completion of **SQs 2+3**. Section 4.4 incorporates implications from the auxillary theories of stakeholder and institutional theory to aid in modelling the framework (**SQ 6**). Then, Section 4.5 portrays the role of neo-Aristotelian virtue theory (ethics and epistemology), looking into moral and epistemic virtues and vice of the fund manager (**SQs 4+5+6**). Thereafter, Section 4.6 constitutes the symbiosis of ethics and epistemology to look into what activities, deliberation processes, and educational activities are distinct for the ethical fund manager (**SQs 4+5+6**). Building on the previous elaborations, Section 4.7 transforms the theoretical construct of ethical stakeholder management to be projected upon the theory of the exemplar as the imitable fund manager, assigning conducive character traits and their expression in activities (**SQ 6**). Penultimately, this chapter summarizes the implications made regarding the ideal stakeholder management to establish the basis of best-practice guidelines 'propositions' (see Appendix-Chapter F) as the institutionalization of the research (see Section 4.8), addressing **SQ 7**. A prelude to the empirical validation in the second result chapter is given in Section 4.9 in the form of a summary of the theoretical findings.

Chapter 5 makes up the second part of the result chapter, introducing the findings of the qualitative analysis of primary and secondary data sources (Chapter 5). The chapter is split into two major logical parts, with Section 5.1 embodying the primer to the interpretation of raw data analysis output derived from qualitative coding (Subsection 5.1.1), which includes the generated codes, their categories, and aggregate dimensions. Thereafter, the same section portrays the virtue rhetorical analysis that has been conducted to address SQ 4 (Subsection 5.1.2). The second part includes the empirical validation of the theoretical model regarding the SQs 2, 3, 4, 5, and 7, split in the analysis of the semi-structured interviews conducted and the corporate documents. Among those, Section 5.2 approaches **SQs 2+3**, mentioning the evident stakeholder and logic pluralism of the impact investing ecosystem of the Benelux. Thereafter, Section 5.3 presents the results of the virtue rhetorical analysis and lists moral and epistemic virtues relevant in impact investing (**SQ 4**). **SQ 5** is empirically validated in Section 5.4, providing the findings to what ethical implications of virtue were observable within the data. Then, the analysis of what principles of ethical stakeholder management are present among the business professionals and corporate documents, thus addressing **SQ 7**, is given in Section 5.5. Lastly, a prelude to the discussion section in the form of a summary of the second result chapter is given (Subsection 5.6).

Chapter 6 forms the final chapter of this research, comprised of the discussion of the findings (Chapter 6). The chapter commences with the analysis and interpretation of the findings of the previous two chapters (Section 6.1), presenting the summary of key findings as the introduction to the discussion (Subsection 6.1.1). Subsequently, descriptive findings of the **SQs 1+2+3** are discussed, which includes (i) the characteristics of the impact investing ecosystem investigated, (ii) its network of collaboration, missions, and values, and (iii) competing institutional logics and their mitigation within. Following, normative findings of the **SQs 4+5+6+7** are discussed (Subsection 6.1.3), which includes (i) the virtues of the ethical fund manager, (ii) their implications for virtue-based stakeholder management, (iii) the concept of a framework of the 'good' fund manager, and (iv) ethical best-practice guidelines for effective and responsible fund management. Thereafter, a short summary of the discussion with the final answer to the main research question is given in Subsection 6.1.4. Then, the Chapter addresses limitations of the research (Section 6.2) and presents a future research outlook (Section 6.3).

Chapter 7 finishes this work with a comprehensive conclusion (Chapter 7) including a reflection of the research and the responsible researcher (7.1), followed by the implications of the findings to theory and practice (7.2). In the very end, the thesis end with some closing words on impact investing (7.3).

2
Methodology

2.1. Research Design

For the purpose of creating a robust **conceptual framework** of stakeholder management practices in impact investing on the base of neo-Aristotelian virtue theory, a qualitative research design has been applied. Looking into IIFs issued by IICs as the financial intermediaries interacting with key stakeholders such as technology-based social enterprises, investors, and ecosystem partners in the Benelux region, an explorative abductive reasoning approach was selected. The explorative approach aligns well with the pre-paradigmatic nature of the field of impact investing and associated research (Glänzel and Scheuerle, 2016). Having had a **circular and iterative process** refining an initially conceptualized theoretical model on the basis of virtue theory and aspects of stakeholder and institutional theory (see Chapter 4), deductive and inductive methodologies allowed to create a robust, comprehensive and empirical as well as theoretically well grounded framework (Tavory and Timmermans, 2014; Timmermans and Tavory, 2012). According to Agrawal and Jespersen (2023), the abductive approach is "often recommended for investigating emerging research avenues and gaining a fresh perspective while relying on existing theoretical models and approaches for greater insights and explanations" (pp. 4-5). The theoretical 'bedrock' of the thesis consisted of neo-Aristotelian virtue theory as a modern interpretation of Aristotelian virtue theory of Ancient Greece, made accessible for modern meta-ethical standards by incorporating solid **moral constructivism** into its normative reasoning (see Subsection 3.3.6).

Ongoing from this **philosophical foundation**, the initial theoretical model and deductive phase of the abductive research design commenced. After having derived as set of premises on ethical stakeholder management practices from contemporary virtue/stakeholder/institutional theoretical concepts (see Section 2.2), qualitative data analysis was being performed on corporate textual data derived from sources accessible online and the transcripts of semi-structured interviews with business professional - here fund managers of IIFs (see Section 2.3). The interview questions themselves were aimed at exploring normative, institutional, rhetorical, behavioral and other forms of expressions of virtuous stakeholder management in the impact investment ecosystem surrounding fund managers of IIFs. Both the qualitative coding and the interview questions were oriented around a set of premises on good ethical conduct in stakeholder management in impact investing. These premises were derived from contemporary research as the result of the comprehensive literature review made (see Section 2.2) and can be found in Appendix-Chapter A.

The subsequent inductive phase took place whilst dealing with concepts and patterns resulting from the insights of the empirical data analysis. Inductively, accepting the emergence of new findings that might alter the initial theories, hypotheses, and premises made when performing the first round of data analysis, new insights were being utilized to refine the initial theoretical model postulated. Additionally, iterative data collection and analysis (see Section 2.3 and Section 2.4) was being performed circularly taking new data into consideration in case new themes are emerging (by new round of data collection and analysis). Thus, a more nuanced theoretical model that takes neo-Aristotelian virtue theory and expands it by the reality of pragmatic ethical stakeholder management as communicated and demonstrated by organizations and individuals in the impact investing ecosystem of the Benelux has been generated. Ultimately, the data collection as described in the following aimed at generating aggregate data to validate (triangulate) and refine a theoretical model based on virtue, stakeholder and

institutional theory on **'How can fund managers of impact investing funds manage their relationship with internal and external stakeholders - which partake in made investments into social enterprises - in an ethical sound manner?'**. Thus, a set of guidelines (propositions) has been derived which can be seen as the institutionalization of this research (see Appendix-Chapter F). This complements both research and practice alike which is in relation to the defined research objective (see Section 1.3).

2.2. Literature and Theory Development

This section elaborates on how the literature review was done. Overall, a large volume of over 500 research papers, conference transcripts, reports, journals, and other documents were analyzed. The literature review builds both the descriptive and the normative base of the thesis. Overall, the main focus was **ethical stakeholder management practices in the impact investing ecosystem of the Benelux** - a theme embedded within the broader literature on business ethics and finance. Hence, the literature review aimed to look beyond this rather narrow theme to understand the complex mechanism and theories that constitute its core principles.

2.2.1. Literature Review

With the start of this research, the literature review was initially guided by a broad search into impact investing, equity and debt based investments, sustainable finance, and review papers on the field of sustainable investments. This indirect approach was used as the field of sustainable finance is nascent and the potential for follow-up research is big. For this purpose, a range of literature software and search engines was being used to find and process literature (all websites and software have been up-to-date during the time of usage/access from January till September 2024):

1. **Search Software**: Harzing's Publish or Perish search software as the macOS GUI edition
2. **Search Engines**: Scopus (Elsevier), ScienceDirect (Elsevier), Google Scholar, ProQuest, Web of Science
3. **Journals**: Journal of Sustainable Finance & Investment (Taylor & Francis), Journal of Social Entrepreneurship (Taylor & Francis), Journal of Business Ethics (Springer), Social Enterprise Journal (Emerald Publishing Limited)
4. **Citation and Storage**: EndNote: Version 20.6 (for macOS)

Besides this approach to the literature, direct recommendations by colleagues, supervisors, and cross-citations led to valuable findings. The search included works by 'luminaries' in the field of virtue theory (classical Aristotelian, neo-Aristotelian), exemplars, moral rhetoric, reliabilism, responsibilism, constructivism and more. Figure 2.1 highlights the **keywords** used during the literature review. Note that the figure portrays the main (1st order) keywords which themselves contain (2nd order) keywords which were used to find specific literature (see Table 2.1). Figure 2.1 highlights the main categories which were most frequently used to find the majority of the 500 papers analyzed for this research in bold. **Impact**, **Investing**, and **Theory** were the key terms guiding the review.

Note that besides the words used in Table 2.1, a distinct list of moral/epistemic virtues and vice in correlation with business ethics, stakeholder management, and impact investing has been generated (see Appendix-Section D.1). These virtues and vice and their use-cases built the base of the set of premises made for the abductive research design - to analyze the data generated from corporate documents and interview transcripts (see Section 2.4). The interview questions in Appendix-Section B.1 themselves were built on the theory and premises accumulated during the literature review (see Subsection 2.3.2) and Appendix-Chapter A.

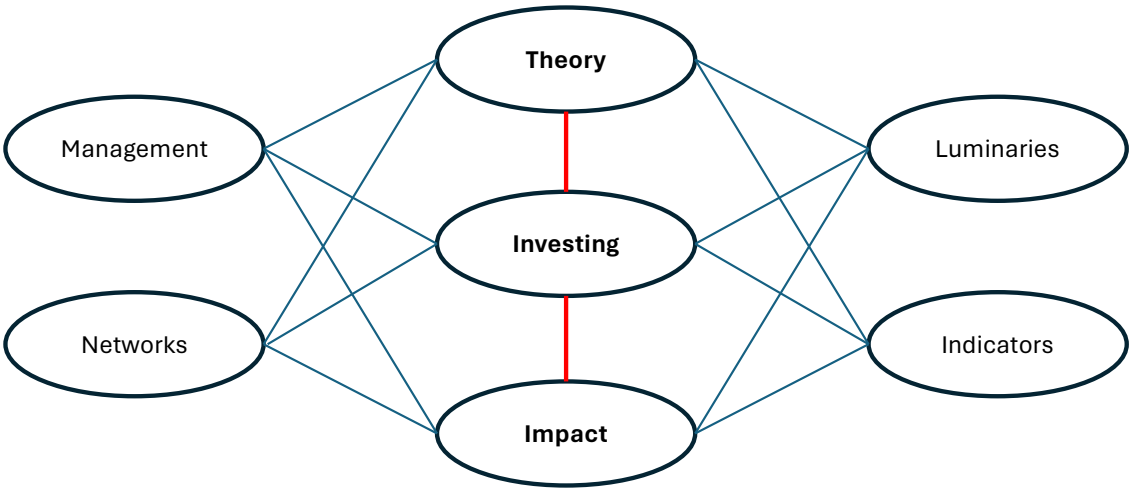

Figure 2.1: This keyword map depicts the main approach to finding appropriate papers, documents, and media to be used for the research of this thesis.

Table 2.1: This table showcases 1st order keywords and their 2nd order search terms. With this wording, a directed search has been conducted to find contemporary research and publications.

1st order	2nd order
Impact	Community, Country, Development, Ecological, Economical, Environmental, Externality, Negative, Political, Positive, Social
Investing	Bonds, Capital, Equity, Ethical, Finance, Funds, Individual, Institutional, Investors, Philanthropy, Private, Public, Responsibility, Sustainability, Venture
Theory	Business, Constructivism, Ethics, Institutional, Logics, Network, Realism, Reliabilism, Responsibilism, Stakeholder, Virtue
Management	Accountability, Best practice, Collaboration, Communication, Decision, Due diligence, Duty, Enterprises, Firms, Funds, Governance, Innovation, Interest, Intermediaries, Investing, Leadership, Logics, Measurement, Mission, Mitigation, Norms, Organizations, Performance, Planning, Principles, Responsibility, Shareholder, Stakeholder, Stewardship, Strategy, Team, Values
Indicators	Abductive, Approach, Deductive, Framework, Inductive, Methodology, Practice, Review
Luminaries	Alasdair MacIntyre, Aristotle, Boudewijn de Bruin, Geoff Moore, G.E.M. Anscombe, Jürgen Habermas, Linda Zagzebski, Martha Nussbaum, Robert C. Solomon, Rosalind Hursthouse
Networks	Benelux, EU, GIIN, Industry 5.0, Rockefeller Foundation, UN

2.2.2. Theory Development

The theoretical model of this thesis was the fundament of the conceptual framework, the research design approach, and the way of asking interview questions. Thus, it reflected both the main research question and its sub-questions (see Section 1.5 and Section 2.7). Generally, the theory underlying the research was derived from a business ethics approach to management science and the field of sustainable finance. This subsection aims to explain the methodological approach of the author to develop a coherent theory that is elaborated in Chapter 3, and amounts in the set of premise made on **'How can fund managers of impact investing funds manage their relationship with internal and external stakeholders - which partake in made investments into social enterprises - in an ethical sound manner?'** in Chapter 4.

Starting with management science and investing as the point of origin for this thesis (see Section 1.4), the knowledge gap as indicated by research and practice (see Sections 3.4 and 3.5) emphasized taking a business ethical approach. The set of applicable theories in this field is abundant. From legitimacy, stewardship, agency, blended value, human capital, portfolio, contract, market failure, change, planned behavior, signalling, motivation, transition, and system theory, three theoretical approaches were suitable to build the framework constructed. That construct aligned with the problem statement (see Section 1.2) and research objective (see Section 1.3). Virtue theory, stakeholder theory, and institutional

theory are well suited to portray the problem owner of the fund manager of IIFs within the impact investing ecosystem of the Benelux (see Figure 3.2 and Section 3.4).

Virtue theory with its implications on individual acting, deliberation, ethical decision-making and normative reasoning was chosen to reflect the fund manager, as they are the central responsible organ in the financial intermediate that represents the IIFs. Both moral and epistemic virtues have direct consequences on the outcome of successful (in ethical and financial terms) impact investment. Neo-Aristotelian virtue theory grounded in moral constructivism as a normative theory was deemed best fitting (see Section 3.3.6) after having reflected the origin of virtue theory by Aristotle (*Nicomachean Ethics*, see Section 3.3.3), and modern developments of Aristotelian concepts and their 'ancient' meta-ethics (LeBar, 2008). Hence, a theoretical model that can withhold contemporary meta-ethical standards, based on moral constructivism, was constructed. It is based on the view that moral norms are a result of communication, rationality, mutual agreement, and practical reasoning (see Subsection 3.3.3 and Habermas (1990)). These moral norms are deemed the 'good' or 'truth' and are the premises of virtue (here - in stakeholder management of impact investing).

Resulting from this theoretical construct, the **set of premises** was derived (see Chapter 4 and Appendix-Chapter A). They are the first instance of the institutionalization of the thesis and reflect the implications of the normative theory (part of **SQ 5**) to stakeholder management. To conclude, the alignment of normative theory with the descriptive part derived from the interviews and corporate documents lead to the creation of a theory that describes what a good manager in an IIC and their IIFs do and what they should do. What character traits are to be seen positive in ethical stakeholder management is justified by the normative theories applied. In the following part of the methodology, it is described how these premises guide both the outline of data collection and data analysis.

2.3. Data Collection

Primary and secondary data has been collected suitable to the abductive research design. For both the deductive content analysis and the inductive part of the chosen design, secondary data in the form of **corporate documents** have been collected. The majority of these documents, which originated from those IICs and their IIFs deemed suitable (see Subsection 2.3.1), were publicly available but varied in their format. Overall, the collection included english language documents only, in the form of: Annual Reports (including Letters to Shareholders), Impact Reports, Codes of Ethics (Conduct), Corporate Governance Reports, Responsible Investment Policies, Operating Principles for Impact Management (OPIM) disclosures, and documents in compliance with the Sustainable Finance Disclosure Regulation (SFDR).The collection of primary data was done by performing **semi-structured interviews** (using a flexible protocol, adapting to new insights) directed at fund managers as business professionals in a leadership position of IIFs (see Subsection 2.3.2). How both types of data are being collected and how and on what base the interviews are being held will be elaborated in the following.

2.3.1. IICs & IIFs selection processes - Corporate Documents

With the focus on IICs and their operating funds (IIFs) as their investment entity, active in impact investing as defined in Section 3.1 within the Benelux as a distinct ecosystem (see Section 1.3 and Subsection 3.2.4), certain IICs and their IIFs were selected according to a **set of criteria**. These criteria were in relation with the distinct focus of the research objective (see Table 2.2). Note that for this research, the definition of what an IIC constitutes did incorporate aspects of classical private equity and debt investments within its arbitrary boundaries. For example, an IIC can issue an initial ticket size up to €10 Million, which can be issued in debt or equity. Therefore, the set of criteria with which the selection of funds (see Appendix-Section C.1) was selected, is portrayed within Table 2.2.

Table 2.2: This table depicts, the criteria item, the explanation of the criteria (what it included within its considerations), and the fulfillment criteria (when is the IIC or one of its IIFs eligible to be integrated into the data analysis as described in Section 2.4).

Item	Explanation	Fulfillment Criteria
Membership	Membership or other types of association to sustainable finance standards and regulations, such as Environmental, Social and Corporate Governance (ESG), SFDR, B Corporations, etc. (see Section C.2)	Minimum one
Investor Type	Entails what functionality the portrayed organizations has, e.g., Service Provider, Ecosystem Partner, Investment Manager, Asset Owner	Investment Manager
Asset Focus	Highlights the scale and type of asset ownership aspired by the portrayed organization: Technology Transfer Capital, Private Equity (Venture Capital), Public Equity, Accelerator Agreements, Debt	Private Equity (Venture Capital) + Debt (e.g., Convertible loans)
Sector Focus	Technological or socioeconomic focus area of the IIC/IIF (e.g., SaaS, AgriTech, Mobility)	Primarily: hard-to-abate sector; Secondarily: software, pharmaceuticals, health, social initiatives, etc.
Impact Goals	Related to the UN SDGs and SDGs criteria, what the investments of an IIF are directed at	If any are addressed
Investment Stage Preference	At what stage the initial investment into SEs occur (by the IIF); E.g., Pre-seed, Seed, Series A-X	Early Stages (Growth potential, Higher Risk), max. Series A
Typical Investment Size	Ticket size of the initial investment and if applicable follow-up investments; Varies with investment stage and capital requirement (e.g., capital intensive deep tech etc.)	< €10 million; minority stake preferred
Legal Base	Whether the legal headquarters (of the IIC) is situated within the Benelux	HQ within and operations out of Benelux
SE investments	Whether the IIF invests into organizations considered as SEs	SE investments needed
SFDR disclosure	Whether the IIF complies with the SFDR Article 6, 8, or 9 funds	Article 6, 8, or 9 funds preferred
SDGs Criteria	Related to the impact goals, which SDGs criteria are being addressed	Any; Suitable to sector focus

As the focus lied on IIFs and their executive fund managers active in stakeholder management, the selection process was directed to find samples out of the pool of IICs based in the Benelux region by looking into their respective social, environmental, and commercial goals as the premise of the selection process. Based on these selective criteria, **descriptive data** was accumulated (see Table C.1 in Appendix-Section C.1, which complements the List of IICs and IIFs in the same). For each country of the Benelux, the total number of IICs screened for eligibility to the research totaled 260 in the Netherlands (NL), 121 in Belgium (BE), and 164 in Luxembourg (LU). Out of these numbers, 73 were deemed eligible in the Netherlands, 27 in Belgium and 11 in Luxembourg to be included in the data analysis of corporate data in Subsection 2.4.1. Thus, the List of IICs (see Appendix-Section C.1) for individual member countries of the Benelux has been created. The retrieved corporate documents from these IICs and their IIFs were being stored as a '.pdf' file on a safe data repository licensed by the TU Delft and were further processed for research purposes as explained in Subsection 2.4.1. Complementary to corporate documents derived from the portrayed IICs and their IIFs, a detailed list of memberships and associations has been created (see Appendix-Section C.2). These ecosystem partners in the Benelux give guidance to IICs regarding adherence to certain institutional logics they represent (See Section 4.1 and 4.2) and were thus of interest to this research. For the analysis, the collection of 111 IICs and IIFs were checked for publicly available corporate documents to be included into the analysis of secondary data (see Subsection 2.4.1). From each fund where corporate documents were available, **one representative document** was chosen to be analyzed, in order to avoid redundancy and imbalance in weighting of results as some funds emit more textual documents and others none. Thus, the following number of analyzed corporate document has been achieved: [NL: 29; BE: 13; LU: 6]. Furthermore, only directly issued corporate documents (excluding third party evaluations or assessments) were incorporated.

2.3.2. Interviews with Business Professionals

Based on the set of premises (see Appendix-Chapter A) derived from the theoretical model constructed for this research (and thus reflecting the RQ and SQs), the **interview questions** were modelled (see Appendix-Section B.1). These interviews were conducted with fund managers of IIFs, as the application of a **purposeful sampling technique** aimed at finding key actors knowledgeable of ethical stakeholder management in impact investing (Kumar et al., 1993). Reason why these interviews were chosen to

be the source of primary data lied within the meta-ethical nature of virtue theory, which implies that what is to be considered good, virtuous, and the right act is embedded within practice (see Section 3.3.6). Hence, in order to investigate what really would constitute good ethical stakeholder management within impact investing, one need to engage with professionals in that very field. The interviews were **semi-structured** to allow interviewees to freely elaborate on their experience in stakeholder management and to give guidance to the respondents if needed (Kallio et al., 2016). The set of **10 Questions** with ca. **3 Sub-Questions** each (all open questions) was asked to respondents in interviews aimed to last **1 hour**. If time or the dynamics of the interview altered, not all questions were asked or alterations to the wording were being made. On average, an interview time of **45 min** has been achieved. If new concepts were introduced by the responded themselves, which were not asked nor anticipated, they were regarded welcomed in accordance with the explorative nature of semi-structured interviews. All spoken conversations was securely transcribed verbatim using in built **MS Teams speech-to-text functions**. The aim of the interviews was to gain an insight into the real experiences of practitioners which can not be extracted from literature or corporate data. Their feedback constituted the primary data of this research, which was analyzed in qualitative coding as part of the abductive research design (see Subsection 2.4). Out of 111 funds contacted, 21 IIFs responded the interview inquiry. The number of interviews actually being held was **9**, which was due to the very small and nascent field of impact investing community within the Benelux where only few actors are active. Moreover, impact investing and investing in general are secretive professions in which public disclosure and willingness to share is limited. Nevertheless, saturation was reached to assure empirical validity of the research conducted for this thesis. The interviews were being conducted online in the months of June and July 2024. No interviews were conducted in person due to the higher temporal flexibility of online interviews in favor of the participants.

In compliance with the secure sampling strategy (see Section 2.5), the regulations by the Human Research Ethics Committee by the TU Delft, and the profound efforts made to assure safety and privacy of the participants of this research, no personal data or sensitive material was being disclosed to the public. When participating, the interviewee was given an **informed consent document**, to which written or spoken approval was to be given as the prerequisite to having the interview (see Appendix-Section B.2). Moreover, measurements taken to limit the possibility of re-identification of participants were: Pseudo-anonymization of participants, editing of interview transcripts in the case of an accidental disclosure of confidential data on individuals, organizations or other third parties (part of data analysis, see Section 2.4); Review of transcripts by participants before processing; Secure handling and storage of voice recordings and related interview transcripts on officially licensed data repositories of the TU Delft, processing, and archiving of interview material; and the usage of as little personal data as needed for the sake of validity, reliability, and quality of the thesis research (see Section 2.6). Additionally, only aggregated information was being published as part of the results of the thesis. In advance, the author wants to highlight that the pool of interviewees and selected IICs for secondary data retrieval are non-congruent and are not necessarily in any association to another.

2.4. Data Analysis

The emphasis in the **data analysis** lies on applying the abductive research method by Tavory and Timmermans (2014). Taking the theoretical model developed (see Chapter 3 and Chapter 4) and the systematic methodological analysis of existing research together, the general analytic notion of the abductive approach was followed to achieve the research objective of this thesis as described in Subsection 1.3. Note that all data was processed using the qualitative data analysis software **ATLAS.ti** Version 24.1.1[1]. In general, the research followed the classical steps of qualitative data analysis: data reduction (coding), data display (see Chapter 5), and data conclusion (see Chapter 6). In the following, the data-analytical methodologies to the corporate documents retrieved from IIC and the business professional interviews are being elaborated.

[1]By the ATLAS.ti Scientific Software Development GmbH

2.4.1. Documents and Coding

The **data analysis of corporate documents** was subsequential to the data collection of the same as described in Subsection 2.3.1. Any forms of corporate documents retrieved were being processed within the aforementioned qualitative coding software. Stemming from the developed theoretical model with its theoretical base in the comprehensive literature review and theoretical discourse performed, the set of premises (see Appendix-Chapter A) and key principles of ethical stakeholder management, the initial list of codes used in the data coding was being derived. This constituted the middle ground approach to coding, which complements the abductive research design of the thesis. After the initial list of codes was applied on a document, new codes evolved inductively from the data complement the set of codes, thus enabling the refinement and adaptation of codes. Overall, the middle-ground approach applied here followed the classical **three phases of qualitative coding**, which are iterative as the researcher can move back and forth in between the phases:

1. **Explorative Phase - Open Coding**: First list of codes which were in connection with the set of premises aided in sensitizing first concepts; Inductively, new codes were anticipated to complement the list of codes; Led to the codebook of corporate documents in Appendix-Section E.1, properties of all codes with examples were recorded. Initially, this phase was important to break down the documents into essential themes, and to examine, to conceptualize, and to categorize corporate documents considered.
2. **Analysis Phase - Axial Coding**: Codes (1st order) were linked, differentiated, and processed into categories (2nd order) and aggregate dimensions. This step aimed at crystallizing the core categories underlying the data, which context and implications were deemed conducive to answering the research questions (see Section 2.7).
3. **Reduction Phase - Selective Coding**: Here, the focus was on the core categories of ethical stakeholder management - interrelated codes and categories were being validated and refined by the iterative research design and triangulated with the theoretical model of virtue theory. Core categories were finalized, which constitute the qualitative output of the data analysis of corporate documents.
4. **Creative Phase - Theoretical Coding**: This phase acted as the connector to the general research design of the research: the abductive approach. The approach iterated between theory and data to establish a robust theoretical model that fulfilled the research objective, the intention of the research question, and can be institutionalized for academia and practice. Theoretical coding essentially codified the overarching insights of the analyzed dataset to enable the exploration of the stakeholder management practices as proclaimed by IICs and their IIFs, which contributed to the conceptual framework. Thus, this phase was not methodological in data analysis as the previous ones, but extrapolated the findings beyond the data towards the theoretical model (see Chapter 4).

Overall the data analysis of corporate documents aimed at deriving key insights on the explicit part of ethical stakeholder management, the written aspects, the self-imposed and regulatory standards of IIFs in the Benelux. On the other hand, tacit knowledge and experiences as perceived by the fund managers are the central matter of the data analysis of the conducted interviews in the following Subsection 2.4.2.

2.4.2. Interview Transcripts and Coding

The **data analysis of the interview transcripts** was analogous to the data analysis of corporate documents as described in Subsection 2.4.1. Nevertheless, they were being handled independently since they aim at deriving tacit knowledge and experiences by business professionals in the Benelux. Their statements were transcribed verbatim, and the transcripts were assumed to reflect that tacit nature of lived stakeholder management. This is further elaborated in Subsection 3.3.5, with the notion of exemplars and the importance of virtuous rhetoric assumed to be codified in their responses to the

interview questions. Moreover, the data analysis focused on the **role of institutional logics** of fund manager stemming from the IIFs and in higher order the IICs, additionally to the **important role of exemplars** in the highly interconnected impact investing network of the Benelux. With respect to the constructed conceptual framework of this research, this added dimensionality of the interviewee's perspective allowed to triangulate the postulated theoretical model with the insights generated from the explicit corporate documents with the implicit knowledge of experienced fund mangers (see Chapter 4).

2.5. Sample Strategy and Scope

For the empirical analysis of the thesis, a larger amount of heterogeneous IICs were considered in the data collection and subsequent analysis of corporate documents and were selected by desk research based on the set of criteria as defined in Subsection 2.3.1. With the focal perspective of the problem owner of this thesis, the **fund managers** of IIFs, the lists of IICs and IIFs (see Appendix-Section C.1) were further narrowed down by the scope of the thesis. Having incorporated a managerial view of investing into technology based SEs, the sector of interest in which IICs and their executive IIFs are active in was chosen to be those in compliance with achieving any of the 17 UN SDGs. As most SDGs are linked to the **hard-to-abate** field of industries, many portrayed IICs in this research are active in this sector. Within this group are startups proactive in reducing socioeconomic and environmental negative externalities to energy, mobility, logistics, building and construction materials, manufacturing, chemicals, agriculture, etc., by turning state-of-the-art technologies into sustainable for-profit endeavors. As the field of IICs in the Benelux and their managed IIFs spread across many sectors and industries, utilizing various distinct kinds of investment vehicles (forms of debt and equity), decision was made to emphasize a broad selection of IICs to gain a comprehensive picture of ethical stakeholder management practices over any limiting specific sectorial focus.

The sampling strategy of the list of funds was the **judgmental** also called **purposive sampling**. IICs and IIFs deemed informational as well as complying with the selection criteria were extrapolated from the pool of IICs. Guiding in this process was information disclosed by the Benelux member country's respective private equity and venture capital associations: The Dutch Private Equity & Venture Capital Association (NVP), the Belgian Venture Capital & Private Equity Association (BVA), and the Luxembourg Private Equity & Venture Capital Association (LPEA). Additionally, besides the SFDR disclosure mentioned in a funds legal presence (see Subsection 2.3.1), the sampling was also guided by including funds working together with the aforementioned ecosystem partners (see Appendix-Section C.2). For the semi-structured interviews, three different sampling approaches were applied to maximize the amount of respondents from within the hard-to-reach pool of business professionals in impact investing which were beneficial to the research objective: **information-oriented sampling**, **convenience sampling**, and **snowball sampling**. Only the fund managers and their closest colleagues responsible for stakeholder management of a selected fund, all together the executive leadership team of investment decision makers with frequent stakeholder contact, were being approached in these interviews.

Again highlighted, for reasons of interviewee security and endangered-privacy mitigation, the association and origin of interviewees was non-congruent with the origin of corporate documents. The amount of interviews conducted was smaller than the amount of corporate document accumulated. To **mitigate personal risk** of participants contributing to this thesis, such as risk induced by disclosure of sensitive data related to business practice, personal/business relations, personal traits, etc., the samples were being pseudo-anonymized (see Subsection 2.3.2). Only as much data and content was being disclosed as is necessary for validity and reliability. Furthermore, non-related samples were being favored to reduce eventual **biases** and **fear of repercussions** to participants. The reason for selecting samples from the Benelux area were expected similarities in business culture, infrastructure, financing ecosystems and the geographical proximity of the author as a student in the Netherlands. Additionally, it was expected that the reputation and academic reach of the Delft University of Technology is helpful in inquiring the interviews aimed to perform for the sake of the thesis. Thus, expert validation was collected on ethical stakeholder management and related decision-making of fund managers of IIFs.

2.6. Validity, Reliability, Robustness, Limitations - Research Design

The chosen exploratory abductive research design including the literature review, data collection and data analysis encompassing a middle-ground approach to coding has had distinct implications on **validity, reliability, and robustness of the research**. Following the main literature on these aspects in qualitative business and ethics studies as illustrated by Bryman (2016), Saunders et al. (2019), and Sekaran and Bougie (2016), the following part describes the implications and limitations of both research design and the selected coding approach. Overall, the iterative nature of the abductive research design and the middle-ground approach to coding were conducive to the **internal validity** of the research. Thus, the process frequently reassessed the alignment with the research objective the research questions associated. **Robustness** as an important factor for the quality of research derived from the triangulation of the theoretical model (based on academia) with the insights from the analysis of corporate documents (proclaimed truth), and the product of the analysis of the business professional interviews (experienced truth). In the case of the **literature review**, its extensive coverage on underlying themes and theory, the high number of literatures sighted, categorized, and utilized increased **content validity** specific to the purpose of the research to investigate ethical stakeholder management practices. This included the profound consideration and reflection of the contemporary work on neo-Aristotelian virtue theory, the study of the work of Aristotle and disciples, and the theories of stakeholder and institutions. Hence, this diligence was conducive to **construct validity**, with relevant findings operationalized as part of the theoretical model created. Due to **consistency** and rigorous documentation of the literature review process, the criteria and keywords utilized, **reliability** is high. The **theoretical model** as the creative addition to the insights from the literature review combined, balanced, added, and applied was directed to build the base for both the data collection and analysis of corporate document and semi-structured interviews about ethical stakeholder management. This step added to the **external validity** as it emphasized contextual sensitivity to the complex stakeholder relations and conditions within the impact investing ecosystem of the Benelux, which entailed specific logics and regulations native to the region. Thus, the research set the boundaries to the theoretical and practical generalization of its findings, adding to its validity and robustness.

Collecting and analyzing a variety of **corporate documents** as described in Section 2.3 increased **internal validity**, especially considering the triangulation with lived experiences of the proclaimed ethical demeanor within these written documents (added robustness of research). **External validity** was high due to the extensive documentation provided for the selection process and descriptive data for the IICs and IIFs (diligence of methodology), both adding to the reliability of this research. Specifically the detailed and structured approach to the coding of these documents (true for interview transcripts too), which included transparency of coding strategy and the accessibility to codebooks generated, increased both the **categorical** and the **interjudge** reliability of the research. Lastly, the **semi-structured interviews** had strong implications on validity, reliability, and robustness of the research. As such, the in-depth interviews of selected business professionals sharing their experiences in detail (**internal validity**), the quality of questions asked and their real world relevance (**ecological validity**), the rigor in member checking of the participants in their background, positions, and embedment in the impact investing ecosystem (**construct validity**) had positive impact in achieving the research objective. As the human component was most prevalent in this part, high reflexivity was required to address potential biases of interviewer and interviewees to derive most objective lived experiences from participants for the sake of robustness. Besides the positive features of the bespoken research design and methodology to validity, reliability, and robustness of the research, their **limitations** must be considered. Limits to generalizability and applicability of research findings and the answers to the main research question were: The timing of the research question in the context of pre-paradigmatic impact investing at the very beginning of the Industry 5.0 endeavor and juvenile markets; Bias from the authors or participants of the interviews (including false disclosure of business professionals); Inaccessibility of corporate data or textual materials prone to 'impact washing' (see Subsection 3.3.1); Logics of the impact investing community and its specific context in the developed capitalistic economies of the Benelux (including judeo-christian ethical predispositions and correlating normative implications for institutional and personal logics); and the virtue theoretical perspective as a focal normative view (exclusion of deontology or consequentialism).

2.7. Approach to the Sub-Questions

The presented methodology allowed deriving knowledge in order to answer the main research question on **'How can fund managers of impact investing funds manage their relationship with internal and external stakeholders - which partake in made investments into social enterprises - in an ethical sound manner?'** and its respective sub-questions, which are visualized in Table 2.3.

Sub-question one (SQ 1) intended to explore the characteristics of internal and external stakeholders that take part in the impact investing ecosystem within the Benelux. This question helped to portray key stakeholders which are relevant to the thesis as part of the constructed framework. The implications of regulations, hierarchy, and corporate structure including ownership and sectoral focus were an important aspect in data collection and analysis. Primarily, the list of IICs and IIFs of interest was being derived from the literature and publicly available information.

Sub-question two (SQ 2) was answered by an extensive literature review, the collection and subsequent analysis of corporate documents, and complemented by interviews. This was performed as an objective perspective on the network of collaborations, missions, and values at the inter-organizational level was sought. This question built on the first sub-question by linking stakeholders found and investigating intangible relational aspects, which could be observed from an external position (knowledge previously accumulated by literature and corporate data - desk research), or internal position (needs to be yielded from constructive semi-structured interviews filling the gaps within assessed textual data and research).

Sub-question three (SQ 3) immersed into the subjective perspective of fund managers and their view on mitigating competing institutional logics that are present in their activities managing impact investments. Institutional logics consist of the values, missions, norms, standards, and the social/financial intents of stakeholders, hence this sub-question builds on the knowledge accumulated from the previous two sub-questions. The focus here lied on ethical aspects of giving voice to stakeholders, either how it is being done or why it currently can not be done. By having held semi-structured interviews with professionals, the analysis of literature, as well as corporate documents, their personal experience in what belief systems and practices cause issues to the social and commercial success of an impact investment were explored. As the interviews and their qualitative analysis were based on the set of premises (see Appendix-Chapter A), which itself stems from the theoretical model constructed, this sub-questions was key in elaborating ethical stakeholder management.

Sub-question four (SQ 4) was investigated by having semi-structured interviews with the participants about perceived character traits in a virtue theoretical context encompassing moral/epistemic virtues/vice. The question was answered considering not only the fund manager's self-reflection on virtues/vice in action, but the perception of external/internal stakeholders alike and how they are being affected by good/bad moral and epistemic traits (derived from the literature). This question was complemented with the insights from contemporary literature on moral/epistemic virtues/vice in a business context - which were conceptualized as part of the theoretical model - as well as a profound analysis of corporate documents. This sub-question represented the connection between the descriptive questions asked before and the normative questioning of later sub-questions.

Sub-question 5 (SQ 5) reflected on the contemporary literature of virtue theory in a business ethical context, to derive ethical implications of moral/epistemic character traits for effective and responsible stakeholder management in impact investing. With the help of stakeholder and institutional theory, direct virtue theoretical consequences of virtues/vice to stakeholder management in impact investing and the success of such undertaking to ethical business practice were being analyzed. This theoretical dimension of the underlying virtue ethical considerations was expanded by the triangulation with the real-life experiences of business professionals in an interview setting.

Sub-question five (SQ 6) opened a broad normative discussion on the basis of neo-Aristotelian virtue theory in business and the insights from the performed semi-structured interviews. The question was aimed at theorizing an ethically 'good' epistemic agent - the archetype of a 'virtuous investor' (fund

managers of IIFs). Following the answers to all previous sub-questions, deliberation and acting of the artificial 'optimal' fund manager was triangulated with the literature. A neo-Aristotelian interpretation of the *eudaimonian individual* was developed, which aided in developing best-practice guidelines in the following sub-question (by comparing expressed virtues/vice with the ethical optimum).

Sub-question seven (SQ 7) was answered by aligning the three theoretical lenses applied in this thesis with the results of the interviews. The fund managers' views were triangulated by literature, the theoretical model of stakeholder, institutional, and virtue theory, as well as the proclaimed ethical demeanor in corporate documents publicly available. The answer to the last sub-question built mainly on the insights derived from the sixth sub-question and completed the conceptual framework that is being created to respond to the main research question. The main question itself reflected the research objective of this thesis to develop best-practice guidelines for ethical sound fund managers and to add to the most recent research in the nascent field of impact investing.

Table 2.3: This table contains the sub-questions to the main research question and by what data collection source and data analysis methodology they are to be answered. The order of naming within the data collection and data analysis columns indicates the importance of the respective source and its analysis for the sake of answering the correlating individual sub-question as part of the research design.

Sub-Questions	Data collection	Data analysis
SQ 1: What are characteristics of internal and external stakeholders which take part in the investment (within the Benelux as an impact investing ecosystem)?	Literature & Corporate documents	Theoretical Model
SQ 2: How is the network of collaborations, missions, and values structured at the inter-organizational level (between investors, financial intermediaries, and social enterprises)?	Literature & Corporate documents & Individuals	Theoretical Model & Qualitative Coding
SQ 3: What are competing institutional logics fund managers have to mitigate between themselves and their stakeholders?	Individuals & Literature & Corporate documents	Qualitative Coding & Theoretical Model
SQ 4: What are the character traits (virtues/vice) of fund managers as perceived by their stakeholders, partners and themselves?	Individuals & Literature & Corporate documents	Qualitative Coding & Theoretical Model
SQ 5: What are the ethical implications of such character traits in stakeholder management of impact investing?	Literature & Individuals	Theoretical Model & Qualitative Coding
SQ 6: How should a 'good' fund manager think and act according to the philosophical framework of virtue theory (complemented with stakeholder and institutional theory)?	Literature	Theoretical Model
SQ 7: How should ethical best-practice guidelines for effective and responsible fund managers, active in stakeholder management, look like?	Literature & Corporate Documents & Individuals	Theoretical Model & Qualitative Coding

2.8. AI Disclosure

The author of the thesis would like to **disclaim** that the ChatGPT artificial intelligence language Model 4 by OpenAI has been partially used to aid in the selection of the IICs and IIFs portrayed and analyzed in this research, the conversion of tables, and the analysis of virtue rhetorics. All output by ChatGPT has been manually controlled, edited, and complemented, as it was prone to errors and to carry outdated data as artifacts. No corporate documents that undergo data analysis were retrieved from it - all data collection from public sources has been performed manually by the author. No interview data was given to ChatGPT.

3

Theoretical Background

The following section discusses key themes and research areas within the existing literature of impact investing. Highlighted are the main ideas, theories, and concepts that have been explored by previous researchers and practitioners alike. For each construct, its origin and character is defined from its broader context to its specific usage for the purpose of this thesis.

3.1. Impact Investing Basics

This section introduces the concept of impact investing from its origin within the general movement towards SCIs from classical profit-oriented finance, how it evolved and differentiates from the other forms of SCIs, and what qualities make it distinct from the others.

3.1.1. General Social Conscious Investments

Here, the term general SCIs is used to differentiate any progressive form of investing within the financial sector which is conducive to a good socioeconomic or ecologic cause (sustainability). The term is synonymous to the notion of sustainable investments, as both conceptualize efforts made to address the global financing gap and the need for "sustainable business models and significant innovations in investment approaches" (Singhania and Swami, 2023, p. 1). This can be achieved either passively by the avoidance of negative externalities of investments made or actively by promoting sustainable/positive effects of allocated money to projects, companies, funds or other investment derivatives financing the economy (Brest and Born, 2013; Hockerts et al., 2022). This active-challenging approach of societal development in finance (M.-L. Moore et al., 2012) is part of a broader sustainable societal movement in capitalism towards ethical consumerism, corporate sustainability and responsibilism (including corporate sustainable reporting standards), and business ethics (Höchstädter and Scheck, 2015). Analogous to the intrinsic motivation of this thesis (see Subsection 1.4) for market economical reformation towards a more stakeholder-incorporative economic system, the SCI movement is "demanding a more ethical and socially inclusive capitalism" (Dacin et al., 2011, p. 1204). Historically, SCIs existed parallel to conventional non-socially aware profit-oriented finance beginning with faith-based and other religious based ethical investments (Richardson and Cragg, 2010). With the diversification of financial products post WWII, exclusionary (e.g., no weapons, no gambling, no nuclear) and value based SCIs emerged within the portfolio of financial institutions (Gutterman, 2020; Singhania and Swami, 2023). New concepts within the field of SCIs were developed in the past 50 years, with differing stakeholder networks, expectations on supply and demand side of investments, the nature or even the requirement of financial returns, and the form of the investment vehicles used to transfer capital. Thus, today one distinguishes mainly between the concept of impact investing (which is the key investment concept underlying this research) and other related forms of SCIs (Schlütter et al., 2023). According to Agrawal and Hockerts (2019b), impact investing is delineated from the field of Socially Responsible Investments (SRIs), venture philanthropy, SIBs, and microfinance, but synonymous with social finance.

3.1.2. Impact Investing Defined

Impact investing as an investment strategy has made a development from a niche investment strategy within the broader field of sustainable investing and finance to a disruptive form of funding SOOs (Reisman et al., 2018). The investment philosophy is one of several directed at financing ventures working on the generation of socioeconomic and environmental impact to society. As this impact induces forces of change within economic markets, researchers such as Holtslag et al. (2021) ascribe it the potential for sustainable market transformation which "consists of inception, first movers, critical mass, and institutionalization phases" (p. 522). Main actors and stakeholders of these phases and underlying investment process are (see Figure 3.1):

- **Investors** on the supply side of the capital flow (investors entail institutional, individual, public entities, etc.).
- **Financial intermediaries** (funds, social stock exchanges, financial advisors, etc.) channeling and managing allocated capital and stakeholders.
- **Socially Oriented Organizations** on the demand side (among which are profit seeking - social enterprises, and other non-profit seeking benefit corporations, charities, etc.).
- **Ecosystem Partners and Regulators** that influence the regulatory framework on which base the IICs operate and make investments. This includes governmental organizations and private associations or networks (see Appendix-Section C.2).
- **Beneficiaries of Impact Investments** at the outcome of impact investments. This group consist of direct customers of SEs, and indirectly affected people by the effects of positive and negative externalities to the investments made.

The definition of impact investing itself is seen as quite ambiguous by scholars (Agrawal and Hockerts, 2019b; Höchstädter and Scheck, 2015; Schlütter et al., 2023), who object a lack of initiative in the research community. This is due to the field of impact investing originating from practice, from where the aforementioned, most widely recognized definition of impact investing by the GIIN stems: "Impact investments are investments made into companies, organizations and funds with the intention to generate positive, measurable, social and environmental impact alongside a financial return" (Hand et al., 2023, acknowledgments). The same organization has established their concept of 'core characteristics of impact investing' (Hand et al., 2022), which entail the intention to contribute positive social and economic impact by impact investors, the usage of sound data and measurement principles, the active management of impact performances, and the active contribution to the growth of the field of impact investing by key actors. With the further development of the field comes a clear view on the uniqueness of impact investing in comparison to ESG investments and SRI, which aim to reduce negative consequences of their invested capital, whereas impact investing is actively directed at creating positive impact besides generating financial returns (Clarkin and Cangioni, 2016; Schlütter et al., 2023). That assumes a causal link between socioeconomic/environmental impact and financial investments (Busch et al., 2021), a circumstance highlighted by the following statement made by Brest and Born (2013), which say that "an impact investor seeks to produce beneficial social outcomes that would not occur but for his investment in a social enterprise" (p. 22). These outcomes relate to potentially positive financial returns which are separated into 'concessionary' and 'non-concessionary' categories. These are indicating whether the capital invested is required to generate market-rate (risk-adjusted) or below-market rate returns (Gutterman, 2020; Migliavacca et al., 2022). The factual state of the return in impact investing has been studied by Barber et al. (2021), who support the fact that below market rate returns can be achieved. Similar, the willingness to pay has been studied by Islam (2022), who indicates that investors are willing to accept a 1% below market rate return for the sake of generating tangible impact (see also Barber et al. (2021)). The quantitative and qualitative measurement of said impact is a complicated undertaking for practitioners and scholars alike, though a growing number of literature is being issued on this behalf (Agrawal and Hockerts, 2019b; Chiappini et al., 2023).

For this work, the main goal of impact investing is defined as the practice to channel resources (knowledge, money, time, etc.), which stem from investors and experienced fund managers of IIFs, into SEs. Again, this effort is made not only to gain a Return on Investment (ROI), but to create Social and Environmental Returns (SERs) to the greater population (Reeder et al., 2015). Roor and Maas (2024) claim in this manner, that "impact investments are differentiated between impact aligned investments ('buying impact') and impact generating investments ('creating impact')" (p. 1). As impact investing is not only an investment strategy, but an active process, time is a key variable in framing aspects of impact investing. Hence, the process is separated into the pre-investment stage (in which fund managers analyze potential investments to be included within their management portfolio), and the post-investment stage (in which active stakeholder management is the central task of fund managers) (Schlütter et al., 2023). **This thesis addresses stakeholder management processes at the post-investment stage**. The terminology of the aforementioned stakeholders is explained in the following.

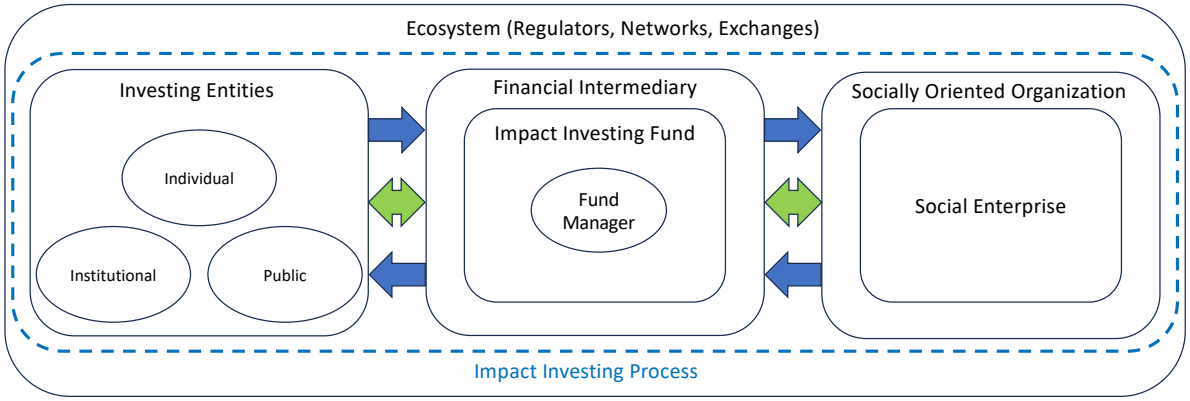

Figure 3.1: This diagram depicts the key stakeholders partaking in an existing impact investing process. The investors (called Limited Partners (LPs)), the fund managers of IIFs issued by IICs, and SEs are the stakeholders of interest. Note that blue arrows indicate directed flows of capital/financial returns, green arrows indicate flows of information (feedback, tacit and explicit knowledge, leadership practices, decisions, etc.). The three main groups as portrayed are investing entities, financial intermediaries, and SOOs. All are situated within the ecosystem of regulators, networks, and exchanges in the Benelux.

3.2. Stakeholders within Impact Investing

This section elaborates on the complex network of stakeholders within impact investing that surrounds and includes the financial intermediaries of the IICs. The following stakeholders are included in this section: Shareholders of IICs (the supply side - Investors), the financial intermediaries of the IICs, the stakeholder of the social enterprise (the demand side), and various stakeholders (regulators, ecosystem partners, and cooperatives) of within the Benelux.

3.2.1. Supply Side - Investors

The capital used to generate both financial returns and socioeconomic impact is issued by individual, institutional, and public investors (also named LPs in investing terminology). They are the suppliers of the capital which is channelled by financial intermediaries (here IICs) into SEs, where it is utilized. The financial gain to investors lies in the selling of the companies they have invested in (case: equity) after the latter rose in value over time, or a Initial Public Offering (IPO) of the company to the markets. In both cases, the price per share ought to be higher at the time of liquidating than at the time the same have been acquired in order to have generated a profit. Additionally, the investors can experience a profit (case: debt) in form of interest payments to loans emitted. Personal preferences, gender, and demographics of investors play an important role in the willingness to pay for their investment (Apostolakis, Van Dijk, et al., 2018; Apostolakis, van Dijk, et al., 2018; Islam, 2022). Hence, market-rate returns (risk-adjusted) are often accepted by concessionary investors. Generally, the term 'patient capital' is prevalent in this regard among practitioners to express the relative time investment of impact investments made in SEs

(>10 years), which is relatively longer in comparison to 'conventional' investments by venture capitalists (7-10 years) (Bandini et al., 2022; Yaşar, 2021). Offering more time to their investees, shareholder pressure is reduced, benefiting the creation of tailored products and services to beneficiaries (Bandini et al., 2022; Gutterman, 2020). Brest and Born (2013) list six instances by what manner investor's capital provision can enable the social organizations activities in creating impact - due to the *price, pledge, position, patience, purpose,* and *perspicacity* of the capital invested. The diverse field of investors can be categorized into three major sets, which differ in character, volume of capital available, and revenue/impact expectations:

- **Individual investors** - this group is of heterogeneous nature, including philanthropic investors, family offices, charitable trusts, smaller foundations, and high-net worth individuals (Casasnovas and Jones, 2022; Yaşar, 2021). Their financial and impact expectations are therefore highly divers and reflect the individuals personal willingness-to-pay and preferences to risks and returns.
- **Institutional investors** - this groups comprises big global investment funds such as the Blackrock sustainable investment fund created in 2014, ethical banks, developmental finance institutions and more (Gutterman, 2020; Trelstad, 2016). To this group belong (semi-private and private) pension funds, such as the Dutch pension fund as Europe's largest, which, as of mid-2023, manages about EUR 1.5 trillion in assets (Bahceli, 2023). Since these entities entail high fiduciary duties to their capital (e.g., retirement savings), they look for at least minimum market return rates to their allocated assets (Yaşar, 2021).
- **Public investors** - this groups includes governmental entities on a national and supranational level. An example would the 'Invest-NL' foundation, aimed at solving social issues in the Netherlands, or the Netherlands Development Finance Company (FMO), a Dutch development bank for sustainable private sector growth in developing markets (Littlefield, 2011; NAB, 2024). Other major players are the European Investment Bank (EIB) and the World Bank, investing either directly in SOOs or indirectly into all kinds of financial intermediaries (VBDO, 2024).

To draw a clear boundary between the manifold investor entities, the group can be split into two: 'Impact First Investors' - who would sacrifice financial returns for positive impact and the opposite case - 'Financial First Investors' (Höchstädter and Scheck, 2015; Yaşar, 2021). Fund managers have to deal with both types of investors in their investment processes (Holtslag et al., 2021).

3.2.2. Financial intermediaries - IICs & IIFs

Financial intermediaries are central to the impact investing strategy. This group consists of private equity firms, IICs, social stock exchanges, mutual funds, financial advisors and others, directed at assuring profits to investors whilst providing stewardship, network, and aid to the SEs invested in (Glänzel and Scheuerle, 2016; Migliavacca et al., 2022; Schlütter et al., 2023). The investor diversity requires fund managers to adapt to serve a "wider set of impact themes, geographical focus, business models, life cycle stages, and returns" (Yaşar, 2021, p. 182). Brest and Born (2013) summarize the financial intermediary's activities in contributing to the success of a SE as 'non-monetary activities' that influence to the overall impact of SEs. Therefore, the managers of these intermediaries aim to achieve the best possible outcome to their investment on the long run, which includes the aforementioned financial return occurring with socioeconomic impact. In this thesis, the main focus is on **IICs** and their issued **IIFs**, due to their structural characteristics: Contrasted with conventional capital funds, the profit seeking nature of the fund manager's activity is less prominent, which is caused by the more concessionary nature of the investment funds accepting pecuniary losses for the sake of positive impact. Unlike conventional private equity funds, IIFs are investing predominantly in nascent startups and other for-profit Small and Medium Sized Enterprises (SMEs) and not in incumbent firms (Glänzel and Scheuerle, 2016). The innovative and dynamic character of such new firms is beneficial for the intent to locate and serve social and environmental demand, using technology as leverage to create ingenious solutions to society's problems. With unclear boundaries between private equity and philanthropy, this thesis follows the definition of what defines an IIF as explained in Subsection 2.3.1.

IIFs issue several types of investment contracts, tailored to the needs of their investees. They regularly issue private equity and debt contracts (or their hybrids - convertible debt and mezzanine capital) (Glänzel and Scheuerle, 2016). Private equity is the most used form of investment since it allows for active participation of the impact investors as shareholders in the corporate governance structure of the invested companies. Most often, fund managers are part of the board of SEs (Agrawal and Hockerts, 2019a; Holtslag et al., 2021), where they contribute to strategic decisions made by the SE. Another aspect is the absolute size (total sum) of an investment made that are "primarily associated with smaller investees" (Höchstädter and Scheck, 2015, p. 460), thus smaller in total capital invested than what publicly listed enterprises would require. The business model of IIFs is to earn a fee for their effort in capital allocation, preservation, profit maximization, impact creation, and stakeholder management - which is a defined percentage of the returns from the sale or IPO of an investee or the return of interest on debt issued (Bandini et al., 2022; Holtslag et al., 2021).

3.2.3. Demand Side - Social Enterprises

Within the scope of the thesis, the investee takes the form of technology based **social enterprises (SEs)**, a distinct kind of SOOs. Social enterprises are so-called 'hybrid organizations' (Battiliana et al., 2012; Ebrahim et al., 2014; Liptrap, 2020), whose aim is to create social and environmental impact (benefits) besides revenue. Brest and Born (2013) differentiate between the impact of products (good and services) offered by SEs and the operational impact which effects the well-being of the SEs' employees and the socioeconomic structures they are a part of. Mair and Marti (2006) made the first representative study on this behalf, stating that social entrepreneurship is a process that concerns social issues and aims to create positive change. Hence, SEs' business models and strategies extend value creation from a monetary to a holistic societal thinking (Spiess-Knafl and Scheck, 2017, Chapter 2). As mentioned before, their profit-seeking nature distinguishes them from other types of SOOs, which are often solely of philanthropic nature. The legal form of social enterprises varies from regulatory sphere to the other: e.g., legal entities can take the form of 'Community Interest Companies (CICs)' in the United Kingdom (UK) (Clarkin and Cangioni, 2016; Yaşar, 2021) or as 'Gemeinnützige Gesellschaft mit beschränkter Haftung (gGmbH)' in Germany (Glänzel and Scheuerle, 2016). In the Netherlands, these corporations are most often of the legal type of 'Besloten Vennootschap (BV)' or 'Naamloze Vennootschap (NV)', in Belgium of 'Société à Responsabilité Limitée (Sàrl)' or 'Société Anonyme (SA)' (respectively 'BV' or 'NV' in Flemish), and in Luxembourg of 'Sàrl' or 'SA' (see Appendix-Section C.1). Technologies used by SEs are manifold (life-sciences, AI, digitized education, finance, mobility, etc.), all aimed to be commercialized in the form of a tangible product or service. Being issued to a market, these products/services create a profit, which is returned to their investors with interest or re-invested for the growth of the company, ultimately increasing the value of the investors' investment (the SEs as the asset). The value to society lies the benefit of the actions conducted by SEs, which are targeted at the ultimate **'beneficiaries'** of the impact investment effort: (marginalized) communities, educational institutions, healthcare facilities, animals, the environment, and future generations. Impact can be generated and harnessed to entities in geographical proximity of the SEs or globally in regions where activities of SEs lead to positive impact.

3.2.4. Benelux Ecosystems and the Industry 5.0

Worldwide, various **institutional ecosystems** have formed for the facilitation of impact investing in bringing key stakeholders together and to fuel impact investing markets (Islam, 2022; Yaşar, 2021). The ecosystem of the Benelux as a supranational construct for social enterprises and investors comprise a heterogeneous group of institutional, private and commercial actors (Aisenberg et al., 2019). The countries of Belgium, the Netherlands, and Luxembourg posses differently shaped entities of such actors, though the collaboration, interrelation as well as the quality and quantity of cross-country investment is unique for the supranational construct of the Benelux. As a historical, cultural, geographical, and legally homogeneous region, the structural embedment between national and European Union (EU) regulation represents a unique ecosystem for both IICs, SEs, and their stakeholders (Benelux Union, 2024). The economies of the EU (of which the Benelux is naturally a part of), are currently either actively

or passively in transition towards an **Industry 5.0**, a concept picturing a state of increased stakeholders participation into economic development (Leng et al., 2022). Delineating from the current neoliberal economic state of Industry 4.0 - the contemporary state of the industry in the EU and beyond aimed to maximize efficiency, interactions, and profits by the inclusion of digital technologies (e.g., the Internet of Things, AI, and Big Data) - Industry 5.0 emphasizes aspects of stakeholder capitalism with positive synergies in the interaction of human and technologies. With this progression, impact investing plays an important part as an enabler of Industry 5.0, directing capital in the most efficient and ethically conscious way to actors harnessing technologies for societal benefit (European Commission, Directorate-General for Research and Innovation et al., 2021).

Major networks and knowledge exchanges in the Benelux region are the 'Netherlands Advisory Board on Impact Investing (NAB)', the 'Dutch Association of Investors for Sustainable Development (VBDO)', the 'Belgian Federation of the Financial Sector (Febelfin)', and the 'Association of the Luxembourg Fund Industry (ALFI)' - all actively promoting, facilitating, and coordinating efforts to grow the field of impact investing in the region (full list in Appendix-Section C.2). Moreover, LPs and financial intermediaries are embedded within the Benelux member country's respective private equity and venture capital associations: The Dutch NVP, the Belgian BVA, and the Luxembourgian LPEA. Looking beyond the Benelux region, important global networks are the Global Sustainable Investment Alliance (GSIA), the GIIN, and the Impact Investing Policy Collaborative (IIPC), institutions whose respective reporting-standard-creating subsidies, the Global Impact Investing Rating System (GIIRS) and the Impact Reporting and Investment Standards (IRIS), are key institutions for the standardization and development of measurement metrics of impact investing for practitioners (Clarkin and Cangioni, 2016; Höchstädter and Scheck, 2015; Migliavacca et al., 2022; Yaşar, 2021).

3.3. Theories and Themes underlying Ethical Impact Investing

This section reflects on the literature that builds the base of the main theoretical concepts included within the theoretical model of the thesis (see Chapter 4). Starting with the ethical implications and theories that explain complex relational networks of cooperative institutions as stakeholders within the impact investing ecosystem of the Benelux, the following section introduces business ethics of impact investing, the concept of classical Aristotelian Virtue Theory, its modern interpretation (neo-Aristotelian), and the importance of rhetorics, exemplars, and logics within the IIFs.

3.3.1. Stakeholder Relations and Ethical Implications

The **relations** between fund managers as central actors in IIFs on one side and their respective stakeholders partaking in the impact investments made on the other side are an essential part of the success of impact investing as a practice. As seen in Figure 3.1 and highlighted by Bandini et al. (2022), Casasnovas and Jones (2022), Hockerts et al. (2022), Holtslag et al. (2021), and Roor and Maas (2024), the fund managers of IIFs themselves are situated in between their investors (LPs) and the investees/beneficiaries (SEs). In an earlier paper, Hockerts and Moir (2004) emphasized the need for mission alignment, proper communication of issues and demands, the disclosure of information, and the fund manager's engagement in investor-investee relations. In practice, impact investors themselves have developed a range of **management strategies** to navigate through the complex stakeholder relations in the investment process (pre-investment): "a focus on financial-first investments; the importance of using established due-diligence processes; the opportunity to align mission and values [to avoid mission drift (Chiappini et al., 2023; Holtslag et al., 2021)]; and, the value of networks and collaboration" (Ormiston et al., 2015, p. 352). Frequent interaction and exchange of knowledge is needed between stakeholders in impact investment at the post-investment period, as successful long-lasting relationships are crucial for stable and effective investments where trust and legitimacy is key to attract new investments (Agrawal and Hockerts, 2019a). Within academia, scholars are applying manifold theoretical approaches (institutional, stakeholder, agency, legitimacy theory, etc.) to explain the dynamics on different levels of impact investing (Agrawal and Hockerts, 2019b; Migliavacca et al., 2022). This thesis applies a synthesis of two

overlapping theoretical frameworks widely applied in business ethics and organizational management sciences - stakeholder and institutional theory - as complements to the normative neo-Aristotelian virtue theory, which includes virtue ethics and the theory of virtue epistemology (which is the application of virtue ethical methodology to epistemology, the study of knowledge):

- **Stakeholder Theory** - is a widely applicable theory in organizational management sciences that highlights the importance of stakeholder involvement in business studies. Thus, it postulates to expand capitalism beyond mere profit-maximization of shareholder value by re-focusing on the benefits to stakeholders partaking in the capitalist society. Stakeholders are per-definition all entities (individuals, groups, constructs, ecosystems, etc.) who are affected by the activities of an economically active venture. Focus lies on the effective balancing of opposing/aligning values, needs, and interests of all involved stakeholders. Therefore, highly complex multiple-stakeholder ecosystems have to managed by responsible actors. This 'considerate' character of stakeholder theory naturally aligns with the idea of impact investing, in which management responsibility and longtermism are the key attributes to distinguish the practice with conventional profit-seeking investing (Argandoña, 1998; Parmar et al., 2010). Within business ethics in general, normative stakeholder theory grows in importance as it adds value to research in enabling profound stakeholder analysis based on ethical implications (Wijnberg, 2000).
- **Institutional Theory** - is a concept in social science and organizational studies. It seeks to explain the nature and behavior of institutions, by addressing **institutional logics** (the beliefs, values, rules, norms, cultures, mission, goals, etc.) of a portrayed organization. Institutions have a wide range of laws, customs, traditions, and practices in internal and external affairs. Legitimacy is integral to this theory, as organizations want their actions to be appropriate in reflection to their socioeconomic environment (Gautier et al., 2023; Lehner et al., 2019). In coherence to managerial studies and business science in general, this theory entails potentially competing institutional logics which are often embodied in (conflicting) demands, values, missions, beliefs, and strategies between impact investors and entrepreneurs (Glänzel and Scheuerle, 2016). The concept of institutional logics is defined as "the socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules, by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality" (Thornton et al., 2012). This theory applied on the organizational level of impact investing offers practitioners to link firm values with their actions.

Besides potential shortcomings in effective and ethical stakeholder management as a best-practice, an overarching problem to the widespread adoption of impact investing are legitimacy issues induced by the concept of **'impact washing'** - the misrepresentation of a company's social and environmental impact to their products and services (Chiappini et al., 2023; Islam, 2022; Roor and Maas, 2024). Similarly, moral issues occur around the term of the **'philanthropic paradox'**, a phenomenon if stakeholders are trying to create positive impact on an issue whilst having been responsible for the same (Gutterman, 2020). Since IIF-based impact investment is an investment philosophy that assigns great importance to central agents - the fund managers - and their moral/epistemic character, epistemic (knowledge related) and moral virtues/vice are the essential concept of this thesis. Therefore, the core theory which builds the foundation of this thesis, **virtue theory**, is defined and elaborated in Subsections 3.3.3 and 3.3.4.

3.3.2. Business Ethics in Impact Investing

Impact investing constitutes a unique case in business ethics considerations as it aims to balance between a financial and a social mission. Both entail various normative implications, the primary example in the financial sector of which IIFs are part of are severe cases of assets being "mismanaged, customers misled, governments misused, risks miscalculated, and rating agencies misinformed" (de Bruin, 2014, p. 255). Solomon (2004) even demands that "we can no longer accept the amoral idea that 'business is business'" (p. 1021), which he further clarifies as being "not really a tautology but an excuse for being socially irresponsible and personally insensitive" (p. 1021). Adding to that, Islam (2022) states that "because impact investing has a social component, there are normative assumptions that the field is

being designed under normative considerations" (p. 965). These normative considerations are made under the influence and direct reference to ethical theories, which have evolved with time. For the western philosophical world, it is consensus that the ideas and philosophers of past centuries continue to be applicable to a wide sort of themes within business ethics (John Stuart Mill and Jeremy Bentham with utilitarianism - Immanuel Kant with deontology - Aristotle with virtue ethics) (Bragues, 2006) as they "contain important truths" (Bragues, 2006, p. 342), which have been reflected and agreed upon by scholars in past and present times. So does Kantian deontology demand to treat people as ends, not as a mean - implying a people and value oriented concept of doing business (Bragues, 2006; Wijnberg, 2000). Utilitarianism, which is hedonistic in nature (Zagzebski, 2010), is based on a desire-fulfillment drive (E. M. Hartman, 2011), which is used to "calculate the effects of contributions—both in terms of the good they do for beneficiaries and in relation to the suffering they may cause the giver" (Audi, 2012, p. 279), a complicated tradeoff in business in general and investing in particular. In the next section, the literature on Aristotelian virtue theory is being reviewed. According to de Bruin (2013), the field "has become as important a topic in business ethics as consequentialism and deontology" (p. 583).

3.3.3. Classical Aristotelian Virtue Ethics and Business

Virtue Ethics is a branch of moral philosophy applicable to concepts of business ethics. It is one of the three major approaches in normative ethics and emphasizes the virtues (moral character) of individuals (agents). Its important primary "is not, as deontologists and utilitarians hold, the judgment of acts or their consequences, but the judgment of agents" (Simpson, 1992, p. 503). Virtues are traits that are deemed morally good and have the property to be developed by practices of habituation (Arjoon, 2000; Gotsis and Grimani, 2015). Analogous to impact investing, which is built on the balance of two extremes (profit maximization and philanthropy), Aristotelian virtue ethics is based on principles of reasoning that includes 'good' character traits as a compromise of two extremes (vice). The central theoretical work to Aristotelian virtue ethics in the context of this thesis is the ***Nicomachean Ethics*** by the famous philosopher Aristotle (published translation used as a reference here: Aristotle (2019)). Its core argument is aiming at living one's life virtuously in accordance with reason - the underlying principle of achieving the 'golden mean' - to gain wellbeing (happiness - *Eudaimonia*). Virtue ethics is very contextual in nature, which implies that specific relations require case-based virtuous acting. Audi (2012) extends the case-base acting to decision-making in business for responsible and effective management, as normative implications for what moral virtues/vice entail affect the intrinsic motivation to conduct good business (which analogous to premiss of impact investing). Essential to the moral nature of virtuous individuals is the guidance of epistemic virtues such as the meta-virtues practical wisdom - *Phronēsis*, theoretical wisdom - *Sophia*, and their underlying principle of intuitive reason (understanding) - *Nous* (Book VI, Aristotle, 2019). These terms are elaborated in his sixth book within the Nicomachean Ethics, in which he distinguishes between epistemic and moral virtues - both essential to ethically good behavior and subsequently to achieving a fulfilling and meaningful life. For business ethics and management applying virtue ethical principles, emphasis lies on *phronēsis* in practice (Provis, 2010). It involves knowing the context, understanding how people and the extended environment react to certain behaviors, and understanding the consequences of one's actions holistically. It stands as a key virtue as appropriate action in any given situation (with reason) is interchangeable with the virtue of prudence or simpler said - 'being smart' (de Bruin, 2013). The role of practical wisdom within virtue theory is applicable to leadership in impact investing, as actors have to reflect their doings with their environment, in order make right decisions benefiting the longer-term. Whilst Aristotelian virtue ethics and theory in general are to be seen as the historic and theoretical origin of the framework in this thesis, its modern interpretation as introduced in the following section constitutes the actual major theoretical base of this research.

3.3.4. Modern Virtue Theory - Neo-Aristotelians on Ethics and Epistemology

To further clarify the virtue theoretical approach underlying this thesis, the notion of **neo-Aristotelian virtue theory** is to be defined. Hereinafter, this thesis approaches the philosophy of Aristotle from a more contemporary and inclusive neo-Aristotelian definition. This is due the understandable critique to

Aristotle's conclusions on manual labor, women, politics, slavery, business, and some specific virtues (see Simpson, 1992 and most notably the work by Rosalind Hursthouse - 'On virtue ethics' (Driver, 2002; Hursthouse, 1999)). Accordingly, E. M. Hartman (2011) highlights: "Aristotle claims that women are intellectually inferior and that business people cannot be genuinely virtuous" (p. 13). A modern reflection of democratic stakeholder capitalism allows expanding Aristotle's ambition to living good lives to doing good business (E. M. Hartman, 2011). Per definition, the term Aristotelian within neo-Aristotelian ought to ground the theoretical contemplation of modern virtue theory, with Solomon (2004) claiming it would make "no pretensions of presenting something very new, the latest 'cutting-edge' theory of technique of management, but instead reminds us of something very, very old, a perspective and a debate that go all the way back to ancient times" (p. 1024). In general, contemporary virtue theory resonates well with the ideas behind impact investing, as research claims that "virtue theory shows firms that [to] pursue ethically-driven strategies can realize a greater profit than those firms who currently use profit-driven strategies" (Arjoon, 2000, p. 159). Looping back to the other two considered theories for the framework of this thesis, stakeholder and institutional theory, both align well with aspects of virtue theory (here virtue ethics in particular). So does virtue theory subsume key elements of stakeholder theory (Neubert, 2011), as well as complement institutional theory in practice and logics to business (G. Moore, 2008). Opposing the introduced theories is the topic of the **Situationist critique** to virtue ethics that stems from behavioral psychology. It claims people (here epistemic/moral agents) would act in a way that may or may not reflect their acquired virtues, but the situational context in which individuals are forced to act accordingly (Baird and Calvard, 2019; Jayawickreme et al., 2014). Upton (2009) states "situationism claims that the situation a human inhabits, or takes herself to inhabit, better predicts and explains her behavior than her putative traits of character" (p. 104). The author of this thesis acknowledges this critique with reference on acting in the heat of the moment, but argues that situations that demand exceptional (situational) acting are by definition exceptional in most cases. Moreover, the empirical evidence is little and methodological objections are made about the conducted experiments supporting a situationist-based behavior opposing the notion of Aristotelian virtue theory (Kristjánsson, 2008; Melé, 2008). Important luminaries as contemporary scholars who contributed to neo-Aristotelian virtue ethics (in business) and their most important work in this respect are: Alasdair MacIntyre (MacIntyre, 2013); Robert C. Solomon (Solomon, 1992a); Rosalind Hursthouse (Hursthouse, 1999); and Martha Nussbaum (Nussbaum, 1999).

Virtue Epistemology as a theory aligns the normative ethics of virtues with the philosophical study of knowledge - *Epistemology*. As such, de Bruin (2013) credits virtue epistemology to "demonstrate tremendous potential as a new paradigm in applied ethics" (p. 584). The theory originates from analytic virtue ethics as a field in normative ethics, which itself has started with a paper by Anscombe (1958). In the later part of the 20th century, virtue epistemology emerged as the methodological application of virtue ethics to the philosophy of epistemology. Epistemic virtues and vice are the central element of the field, which relate to the character, intellect, beliefs, values, missions, objectives, interests, and knowledge of an epistemic agent. This is analogous to how virtue ethics focuses on moral agents and how their character influences their behavior in good/bad deliberation and acting. Albeit epistemic virtues/vice can be seen as a subset of moral virtues/vice, Baird and Calvard (2019) proclaim that "epistemic virtues and vices are importantly and discernibly different from non-epistemic virtues and vices because they aim at different ends; apply to different kinds of actions; and can have no clear non-epistemic counterpart" (p. 3). According to modern definition, virtue (vice) epistemology is investigating how a good (bad) agent acquires and utilizes knowledge for the sake of a particular end. Hence, epistemic virtues contribute to instrumentally valuable knowledge, which is a key aspect of management in general and finance in particular, as fund managers and their institutions pursue investments based on existing (or non-existing) expert information (de Bruin, 2013). Moreover, they actively engage in knowledge generation and its fair distribution around key stakeholders (Bandini et al., 2022). The field of virtue epistemology is split in two strands, which main difference is whether an epistemic virtue/vice is inherent to the agent or can be developed with effort (education) (Battaly, 2008; de Bruin, 2013):

- **Virtue reliabilism** - Started by Sosa (1980), this branch of virtue epistemology highlights *innate* cognitive faculties like perception, memory, and logical reasoning. These inherent traits enable the processing, accumulation, and generation of information, beliefs, truths, and in the end knowledge

(or wisdom, understanding, justification) as an intrinsically valuable resource (epistemic good) (Baird and Calvard, 2019).

- **Virtue responsibilism** - Introduced by Code (1984) the focus of this version of virtue epistemology is on *acquirable* character traits of epistemic agents. Normative in nature, this strand portrays the epistemically virtuous agent as a critical thinker and considerate actor. In general, knowledge and rational belief depend on the qualities of virtues of the epistemic agent. These character traits rather than the reliabilist faculties contribute to accessing knowledge as an epistemic good. Here, virtue epistemology reflects back to the classical Aristotelian notion of achieving the mean of two extremes based on the character of a good/bad agent - for them to accomplish *Eudaimonia* (de Bruin, 2013). Linda Zagzebski and her work 'Virtues of the mind: An inquiry into the nature of virtue and the ethical foundations of knowledge' from 1996 constitutes one of the most important neo-Aristotelian proposals to align Aristotelian virtue ethics (and non-epistemic deliberation/acting) at par with epistemological reasoning and acts - an academic endeavor in alignment with the responsibilist view of motives and acquirable character traits (Zagzebski, 1996).

Hence, the responsibilist branch of virtue epistemology is applied to build the conceptual framework around epistemic fund managers of IIFs and their ability to act and think on the basis of acquirable virtues in impact investing in the Benelux. In most recent research, a growing number of scholars argue for the expansion of the virtue epistemological approach beyond individual agents to collectives such as small communities or businesses that possess collective virtues/vice (Baird and Calvard, 2019; Meyer, 2023). In principle, this entails that "collectives might be epistemically virtuous or vicious in their own right" (Meyer, 2023, p. 148) and would possess a theoretical unified consciousness based on shared institutional logics, business philosophy and other traits. This thesis portrays the fund manager as the main epistemic agent in an IIF as his position is the most prominent within the funds organizational structure regarding stakeholder interactions. They have the highest level of responsibility to internal and external stakeholders and to effective and responsible management of funds invested. Acknowledging the existence of virtues and vice existing solely at a collective level (here corporate, see G. Moore, 2005) this thesis will not outline and discuss actual or theoretical collective character traits of the IIFs, but focus on individual virtue/vice of agents.

Overall, these virtues and vice that epistemic agents (be it fund managers or IIFs as financial intermediaries as a whole) possess are present on a daily basis in impact investing. Decisions in the quality and quantity of investments take courage, especially under pressure or under the lack of sufficient knowledge - considering the given risk of investments to not prevail in highly competitive markets and the potential loss of the initial sum invested (de Bruin, 2013). Deducted from a responsibilist perspective on virtue epistemological theory, an epistemic agent in possession of impatience as a vice might be inclined to favor fast monetary returns over long-term impact. This could lead to attempted 'green washing' better known as 'impact washing' (Bandini et al., 2022; Borrello et al., 2023) - another immediate risk to the integrity of an IIF and impact investing as a profession. Important luminaries as contemporary scholars who contributed to neo-Aristotelian virtue epistemology (in business) and their most important work in this respect are: Linda Zagzebski (Zagzebski, 1996); Jürgen Habermas (Habermas, 1990); and the aforementioned G.E.M. Anscombe (Anscombe, 1958).

3.3.5. The Role of Exemplarist Virtue Theory

Individuals in possession of moral virtue (which is a rare trait as stated by Aristotle, see Aristotle (2019), Book VII), can act as examples for the habituation of virtue to others. These examples (or idols, archetypes, etc.), build the theoretical baseline for the concept of **'Exemplarist virtue theory'** by Linda Zagzebski (Zagzebski, 2010, 2013). To others, those "exemplars of moral goodness" (p. 41) are identifiable by the "emotion of admiration" (p. 41), rather than the description by others (Zagzebski, 2010). For the normative part of this thesis, the notion of exemplars is important to conceptualizing a neo-Aristotelian 'archetype' of moral and epistemic virtue (SQ 6), and to form best-practice guidelines (SQ 7) based on the personal delta between fund managers and the virtuous 'golden mean' of stakeholder management in impact investing. Expanding from an exemplarist view on virtuous individuals, Gotsis and Grimani

(2015) claim that "virtuousness denotes an ethical attribute of managers, leaders or employees and as such, it may be situated at the micro-individual, meso-organizational or macro-societal level, respectively" (p. 1288). This definition is useful for the application of virtue ethics on impact investing, as it is part of the more broad notion of progressive stakeholder capitalism and Industry 5.0 as portrayed in Section 3.2.4. Thus, "virtue ethics provides managers and business leaders with an opportunity to ask themselves what kind of people they become through their actions and how their decisions impact the lives of others" (Fontrodona et al., 2013, p. 563). The living testimony of virtue inherent to these moral and epistemic exemplars is a key concept that adds important implications for practice and education of fund managers (see Section 4.7).

3.3.6. Moral Constructivism and Metaethics - Norms and Language of the IIC

An important aspect of any moral theory are considerations at the meta-level of what is defined to be good and what bad. Following Zagzebski (2013), "a stumbling block to any moral theory is the justification of the starting point" (p. 198). Moreover, she states that "neo-Aristotelian theories that start from the concept of happiness or well-being generate more discussion about the vagueness of the foundation and the difficulty in justifying it" (p. 198). Simpson (1992) demands that "what we want from a moral theory is some overall account of moral goodness and badness which we can then use to show why this or that particular act is right or wrong" (pp. 511-512). So what is the moral good, the right act, what is virtue according to neo-Aristotelian virtue theory? Foundational in nature is Aristotle's definition of what virtue is by referring to virtue as the mean between vice, which "a person with practical wisdom [*phronēsis*] would determine it" (NE VI.1,1107a1). Critic to this definition is stated by scholars claiming subjectivity (Zagzebski, 2013) or situationism, what is sufficiently examined in Subsection 3.3.4.

Different moral theories have included various deliberations on this instance. Here, this thesis includes the concept of **'Moral Constructivism'** to argue what is the good, what is virtuous and what constitutes a right act. It follows the thoughts of Alasdair MacIntyre in his work (MacIntyre, 2013), in which he defines the good opposite to the reductionist approaches of utilitarianism and deontology, which try to reduce all moral concepts to 'elemental' particles of morality (e.g., enjoyment). He puts emphasis on the importance of morally loaded terms ('thick concepts') like generosity, kindness, compassion, etc., and dislikes the mechanistic attempts of the other moral theories to declare those essential terms of human coexistence as useless metaphysics. The idea of moral constructivism is that the moral principles that are the components of normative theory are the norms within a community. In other words, the source of moral truth is the community one is embedded within. In a business context, this would constitute norms of good business, finance and stakeholder interaction. These norms are part of language, belief systems, rituals, value communications and other modes of interaction in a community such as an IIC. Hence, this thesis assumes that concepts of virtue are to be seen as those qualities that are being practices and seen virtuous by people within a business community - here the fund managers and stakeholders in their respective impact investing communities. With this, relativistic definitions of virtue are precluded - there is a truth about what is right or wrong as defined by communities collectively. This is related to the concept of **social consensus** as elaborated by Jones (1991), that there are actions deemed good or bad which society agrees upon. The **constructivist approach** constitutes the method to meta-ethically justify what is the good, virtue and right acting in the following chapters.

Since the **source of moral goodness** is **embedded in practice** according to virtue theory, one has to specify what constitutes this practice. Impact investing as an investment philosophy entails managing potentially conflicting internal and external stakeholder expectations (here with focus on the Benelux as an impact investing ecosystem). Furthermore, the practice of impact investing itself is inherently moral, as social and environmental impacts have a moral component because society is involved. The scale of impact and/or the lack thereof (due to vicious or ineffective practice) requires impact investing practitioners to reflect on the dominance of logics which IICs possess and/or are being confronted with in their stakeholder management. This aims for the best possible outcome to internal and external stakeholders on the long run. In dealing with dichotomic logics of external stakeholders (financial and

social), fund managers engage with various degrees of social/financial preferences in contrast to their own interests. Ethical behavior in practice is thus shaped by virtues of fund managers cultivated through habitual practice over time in active confrontation with stakeholders having high financial expectations (investors), internal stakeholders within the IICs (hybrid organizations), and high social expectations of SEs (also hybrid organizations) and beneficiaries. In active investments, this behavior is expressed in treating stakeholder (here with emphasis on the demand side of investments - SEs) as ends rather than means, acknowledging the human component of investments, being aware of negative and positive externalities, and extending the sphere of beneficiaries beyond those who profit in financial terms to all those affected by successful impact investments in terms of positive social and/or environmental impact. To conclude, the moral component of impact investing is embedded within its practice as the product of the societal obligations of fund managers, their contractual duties and moral obligations to stakeholders, and their own effort to strive for impact investing as a social conscious investment philosophy to thrive and succeed in the long run.

It is important to allocate practice as it is theoretically and empirically investigated within this research to complement the constructivist approach. As such, impact investing is clearly differentiated from 'classical' private equity investments of other investment funds, which adhere solely to financial logics for purposes of financial gains. Often, impact investing fund managers started their professional careers within classical investment funds, hence their professional socialization was dominated by the habituation of financial logics in finance-dominated communities. Thereafter, for manifold reasons, the fund managers sought the more socially oriented communities of impact investing, expanding their professional investment practice with a social/moral dimension. Thus, impact investments are moral investments, to be seen as a revision of existing practice (which lacks moral awareness and is therefore prone to immorality - see Section 1.4) and the result of the fund managers' own critical confrontation with the consequences of their investments and the norms defined by their communities. IICs and their IIFs try to change the investment ecosystem towards more ethical practice and social awareness by proving the success and thus legitimacy of their impact investments to the community of 'classical' investment firms and other social conscious investments (see Section 3.1).

In this regard, the meta-ethical considerations underlying this research do not aim postulate what could constitute moral goodness beyond what is defined by a community and expressed in practice as the status quo of real-world impact investments within the Benelux. Since this thesis is part of management studies, the research conducted aims to providing fund managers with hands-on guidelines and fill the evident literature gap (see Section 3.5). Within the discussion of SQ 6 in Subsection 6.1.3 in Chapter 6, a hypothetical criticism regarding a more radical take on what good impact investing could constitute and which logics ought to be emphasized is being anticipated. All meta-ethical considerations made in this subsection are further contrasted and reflected as part of the implications of this research for impact investing as an investment philosophy in Section 7.2 in Chapter 7.

3.4. Synthesis and Integration

In the scope of the thesis, the aforementioned themes and research of international scholars are being implemented on the level of the moral and epistemic character of fund mangers to gain insights on the implications of their stakeholder management on the inter-organizational level. The thesis aims to explore ethical aspects at the 'bottleneck' of the impact investing process - at the central position of financial intermediaries in impact investing (Hockerts et al., 2022). Trelstad (2016) claims that impact investing includes confusion induced by the complexity of the "chain of capital" (p. 5) - the vast number of stakeholders partaking and co-depending on sound capital allocation. Scholars have used **institutional and stakeholder theory** to build conceptual frameworks in an effort to explain the system of stakeholder interactions in developing and developed markets (Agrawal and Hockerts, 2019a; Bandini et al., 2022), to explore challenges faced by major actors (Glänzel and Scheuerle, 2016), and to elaborate on investment processes in different impact investment ecosystems (Borrello et al., 2023). On the basis of **virtue theory**, scholars have conceptualized potentially positive ethical leadership practices in a business and finance context (Arjoon, 2000; de Bruin, 2013, 2014; Rawwas et al., 2013). Though applying

a broader **neo-Aristotelian virtue theoretical lens** on the field of impact investing has not been done yet to the best of the knowledge of the author at this time (March 2024). As such, Figure 3.2 portrays how the three theories aligned help building a framework on virtuous fund managers and their embedded ecosystem from the micro-individual, over the meso-organizational to the macro-societal level of impact investing.

Normative assumptions and their implications for overcoming systemic inequality in impact investing has been studied by Casasnovas and Jones (2022). They deem a systemic-impact approach in which actors focus on overarching issues of the impact investing ecosystem together with all associated stakeholders (in active participation) results in higher capacity to give stakeholders a voice and respect the values of beneficiaries. Roor and Maas (2024) have shown that one aspect to prove the practicability, efficiency, and resulting legitimacy of impact investing relies on active communication, the sharing and fostering of knowledge between all stakeholders, a process in which the fund managers of IIFs take a central position with high moral responsibilities. That these interactions have structural frictions to be moderated by financial intermediaries demanding engagement and feedback on impact-generating processes has been elaborated by contemporary research (Agrawal and Hockerts, 2019a; Bandini et al., 2022; Holtslag et al., 2021). Practitioners highlight the potential of impact investing in smaller (imperfect) markets to address socioeconomic deficits, stating that knowledgeable investors (GPs) can make a positive impact whilst generating profit as long as their actions are ethical and financially sound (Brest and Born, 2013).

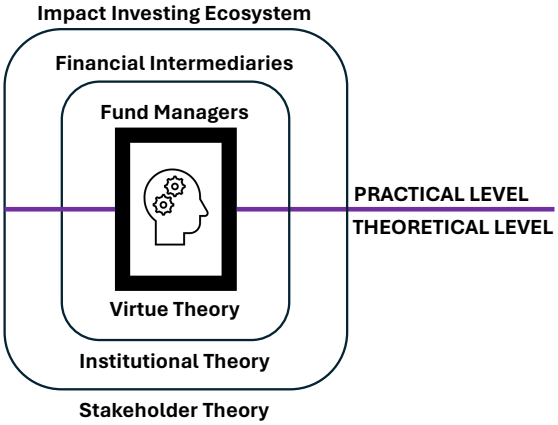

Figure 3.2: This figure mirrors the practical level of impact investing with its theoretical counterpart. Form the depiction derives the scope of the respective theoretical approach: The fund managers' moral and epistemic character traits are analyzed based on virtue theory, the financial intermediaries of the IICs and their inter-organizational network with institutional partners (SEs and investors) are analyzed based on institutional theory, and the entire impact investing ecosystem is analyzed based on stakeholder theory.

3.5. Literature and Knowledge Gap

The literature gap derives clearly from the fact that the entire field of impact investing is nascent and not yet researched to the extent as real life practice of it is established. Agrawal and Hockerts (2019b) and Höchstädter and Scheck (2015) do express the need for future research in several aspects and levels of impact investing to address conceptual heterogeneity and ambiguity around practitioners ethical conduct. Prevalent at the institutional level, there are gaps in research on inter-organizational best-practices and relations in between financial intermediaries and their stakeholders. Ormiston et al. (2015) object the inadequate research on how to overcome challenges around stakeholder management and (ethical) sound investment strategies. Yaşar (2021) mentions utilizing a conceptual framework for this regard, as this issue has not yet been addressed by scholars. Moreover, the review by Chiappini et al. (2023), which is one of the most recent in the field of impact investing, criticizes the overextending singular focus on the financial mechanism of selected investment instruments such as SIBs, rather than analyzing aspects of value-pluralism of diverse stakeholders. The same article shows that ethical studies in impact investing are both niche and emerging, and "very little research" explores the ethics of impact investing (Chiappini et al., 2023, p. 246). Hence, developing strategies in managing the relationship between the impact investors and the social entrepreneurs would have effects on the social and commercial outcomes on both sides of the capital investment (Höchstädter and Scheck, 2015) - research on organizational stakeholder management around key stakeholders remains scattered (Clarkin and Cangioni, 2016). Singhania and Swami (2023) state that addressing stakeholder management in an institutional context is important for the development of a vital impact investing ecosystem.

Additionally, they highlight the importance to address ethical tensions, goal dilution, and transparency in communication. IIFs are prone to not effectively meet SOOs' demand for tailored finance, due to issues of value alignment, leadership, corporate governance, mission drift, and competing logics in maintaining and developing the stakeholder relationships (Bandini et al., 2022; Islam, 2022; Migliavacca et al., 2022). This calls to investigate ethical stakeholder risk-management mechanisms "to better manage their social and business objectives" (Islam, 2022, p. 13) and attract new investors for higher capital needs (Apostolakis, Van Dijk, et al., 2018). Throughout the preliminary literature review done for this proposal, which totaled in over 500 selected articles, journals and books, few studies on this relationship were found and none on the Benelux area (albeit the academics output especially of the Netherlands in the field of impact investing is high (Migliavacca et al., 2022)). Moreover, "only 45 per cent of [...] articles [on impact investing] refer to theories in general" (Schlütter et al., 2023, p. 14) - there is potential to research how institutional, stakeholder, and virtue theory aligned can explain impact investing stakeholder management, its dynamics, and implications for societal benefit, a novelty in research for academia and practice to the best of the knowledge of the author.

3.6. Conceptualization of Literature - Prelude to Results I

This section acts as a prelude to the theoretical model constructed in Chapter 4, which constitutes the theoretical base of this thesis in answering the main RQ - **'How can fund managers of impact investing funds manage their relationship with internal and external stakeholders - which partake in made investments into social enterprises - in an ethical sound manner?'**. Hence, by incorporating different theories on the managers of financial intermediaries (as presented by Agrawal and Hockerts (2019a), Bandini et al. (2022), and Glänzel and Scheuerle (2016)), and considering the analyzed challenges of impact investing (Ormiston et al., 2015), this thesis aims to reflect fund managers' moral/epistemic character traits and associated stakeholder management strategies to the needs, goals, and values of internal and external stakeholders, as emphasized by Höchstädter and Scheck (2015), Battiliana et al. (2012), Trelstad (2016), Holtslag et al. (2021), Agrawal and Hockerts (2019a) and others. The importance of the relation between the fund manager and social enterprises as presented by Bandini et al. (2022), Hockerts and Moir (2004), and Holtslag et al. (2021) is an essential guiding idea during conceptualization. The thesis uses aspects of institutional theory (Lawrence et al., 2009; Pache and Santos, 2010; Thornton et al., 2012) and stakeholder theory (Argandoña, 1998; Parmar et al., 2010) as a complement to the main theoretical approach of the thesis - neo-Aristotelian virtue theory (Arjoon, 2000; Baird and Calvard, 2019; de Bruin, 2013, 2014; Gotsis and Grimani, 2015; Rawwas et al., 2013) to build a framework around the virtues/vice of managers of IIFs. Their virtues/vice have implications on their acting and deliberation in ethical sound stakeholder management at the inter-organizational level. The study examines the relationship between fund managers and their associated stakeholders during impact investments (post-investment), including tacit aspects - institutional logics; and explicit processes - monitoring, money flows, trust shaping, relation building, networking, and other value-adding processes (de Clercq and Manigart, 2007). Effective and responsible management of this relationship has direct effects on the performance (social and financial) of the social enterprises and as such the success of the investment itself (Agrawal and Hockerts, 2019a, 2019b; Glänzel and Scheuerle, 2016; Ormiston et al., 2015). Additionally, external factors such as stakeholder pressure and the impact investor ecosystems facilitators do play a role in the dynamics of the relations (Alijani and Karyotis, 2019).

4

Results I: Theoretical Model

This chapter constitutes the first part of the result section, which is building the **theoretical model of virtuous impact investing** to be triangulated and thus validated by the results drawn from primary and secondary data analysis in the second (empirical) part of the result section (see Chapter 5). Every section within this chapter addresses important aspects of ethical stakeholder management in the impact investing ecosystem of the Benelux in a macro, meso, and micro level of the thinking and acting of fund managers of IIFs (from a broader socioeconomic perspective on the ecosystem, to the IICs and stakeholder cultures, and to the individual fund manager (Koehn, 2016)). The model framework of virtuous impact investing constructed in this chapter addresses the seven **research questions** posed before and in partially answering those, this research is engaging in its research objective (see Section 1.3). Here, the theoretical model is the direct result of a profound examination of prior research, insights, and ethical discussions made by contemporary and historic scholars, as well as a detailed descriptive analysis of the impact investing ecosystem of the Benelux, which lead to the set of premises (see Appendix-Chapter A). These premises are essentially the building blocks to the propositions (see Appendix-Chapter F) to the main research question **'How can fund managers of impact investing funds manage their relationship with internal and external stakeholders - which partake in made investments into social enterprises - in an ethical sound manner?'** that are the institutionalization of this research. Said premises, which are justified by theory, are empirically validated (see Chapter 5) and discussed (see Chapter 6) using the empirical data from practice of impact investing in the following two chapters.

4.1. The Who is Who - Fund Mangers in their Ecosystems

As the first step in building a theoretical model of ethical stakeholder management one has to examine the manifold stakeholders (investors, regulators, investees, co-investors, etc.) of IICs on a macro level. The following elaboration answers the descriptive **SQ 1: 'What are characteristics of internal and external stakeholders which take part in the investment (within the Benelux as an impact investing ecosystem)?'** - by expanding the insights derived from the literature of impact investing available (see Section 3.1 and Section 3.2) with descriptive fund data. Premises of this section (**P.1.X**) are stated in Appendix-Chapter A.

The Benelux as an impact investing ecosystem benefits from positive synergies "by the core components of the ecosystems, including the characteristics of investors, the presence of social impact support organizations and cultural values that promote blending logics" (Roundy, 2020, p. 467). Of special importance to this research and the impact investing practice are the individual fund managers active in stakeholder management (engagement, relations, interactions, etc.). With this focus, the personal background of said managers plays an essential role to how a fund operates and designs its products for SEs and for its investors (both demand side and supply side are the customers of IICs) (Casasnovas and Jones, 2022). Thus, individual fund managers can have internalized certain institutional and personal logics depending on whether they have a financial or a social background, hence valuing goals in impact investing differently (see Section 4.2). Again focusing on the individual of the fund manager, this background has strong implications on the motivation, intentions (goals), and identity that fund managers entail, which will be empirically analyzed in Chapter 5. Generally, intrinsic motivation to contribute to impact, aiming and working towards impact, identifying as a fund manager

and being aware of what this implies to their work in stakeholder management with both internal and external parties is a prerequisite of the fund manager. Virtue is conducive to this motivation, expanding to a fund manager's intent to be a good businessperson in impact investing (Audi, 2012).

The thorough investigation of funds in the member countries of the Benelux as described in Section 2.2 led to the list of 73 Dutch, 27 Belgian, and 11 Luxembourgian IICs. They differ in their business models, number of IIFs and size, contracting approaches to capital invested (debt, equity, mixed, etc.), investor types and character (institutional, public, individual), return and impact expectations (concessionary or not, impact aligned or impact creating), number of employees, number of fund managers involved in the work of a given fund, and sectorial focus. Smaller funds have fund managers as the general partner active as the stakeholder manager, bigger have fund managers as tailored positions with dedicated stakeholder managers in impact investing that are non-identical with general partners or equal positions. What the IICs do have in common is their explicit intent to create impact in the spirit of the core values of impact investing - aligning positive financial returns (non-negative) with positive social and ecological impact by investing into SEs. Thus, any instances analyzed convey their compliance to impact investing by public testimony (see Section 2.4.1) and/or by the work of individual fund manager in stakeholder management (see Section 2.4.2). The list of funds generated, is attached as Appendix-Section C.1.

The norms and regulations of individual funds also depend on the association and adherence to certain national and international organizations, laws, and standards. Regulation of impact investing in Europe is in a nascent state, with the SFDR being a prominent legal framework forcing bigger funds to be transparent about their sustainability goals, intentions, active and passive inclusion of impact or avoidance of adverse externalities of investments (Bandini et al., 2022). Smaller funds are officially not being excluded from the mandatory SFDR disclosure, though many still limit the visibility of such disclosure to the public (see Section 5.4). A general overview on associations, memberships, standards and network providers in the Benelux is given in Appendix-Section C.2.

4.2. Collaboration, Communities, Logics, and Norms of Impact Investing in the Benelux

The second step in the construction of the model is the analysis of (meso level) collaboration in the community of impact investing as a practice to understand the set of (opposing) logics and norms native to it. The following elaboration is to be seen as the partial answer to **SQ 2: 'How is the network of collaborations, missions, and values structured at the inter-organizational level (between investors, financial intermediaries, and social enterprises)?'** - and - **SQ 3: 'What are competing institutional logics fund managers have to mitigate between themselves and their stakeholders?'** - which will later be validated with the insights from Chapter 5 and discussed in Chapter 6. Premises of this section (**P.2.X**) are stated in Appendix-Chapter A.

Fund managers are confronted with the complicated task to mitigate between the two prevalent logics in impact investing - financial and social. These circumstances to foster 'the best of both worlds', the duty to achieve both satisfactory financial returns (concessionary to market rate) and social impact, put the fund manager in conflicting role of special responsibilities (Casasnovas and Jones, 2022). As a mediator in impact investing, the management of competing logics of various stakeholder groups is the main task of a fund manager (Agrawal and Hockerts, 2019a). According to the authors Agrawal and Hockerts (2019a), fund managers ought to find a balance in between the "social logic to maximize social value" (p. 3) of SEs and the commercial logic to maximize financial returns of investors. If not, and either side of the logics prevail, the impact investment is failing. That this occurrence of conflicting goals is not confined to impact investing but includes many kinds of SRIs (Richardson and Cragg, 2010) is a proof of the importance of conflict mitigation, effective collaboration and norm-based communities. The norms in impact investing are most often depending on the cultural background of the individuals partaking in investments, as there is a general lack of standardized practice and measurement of impact. Thus, practice depends on culture and professional education of individuals, which is being expressed in

differing understandings of tolerance, patience and acceptance. The social and or financial background of a fund manager is defining, as well as the perception of language, attitudes and convictions (Glänzel and Scheuerle, 2016). Whether this "perception is driven by clichés rather than actual experience" (Glänzel and Scheuerle, 2016, p. 1655) is not part of this research, nevertheless, its normative implications to rights, equity and inclusion of pluralistic values demand tolerance and patience from fund managers to prevent prejudice and misunderstandings. As pluralistic values are part of effective collaboration, cross sector biographies of fund managers do act as facilitators (Glänzel and Scheuerle, 2016). Values originate from culture, constituting a critical mean in bigger organizations to maintain and communicate beliefs and values internally and externally (Battiliana et al., 2012).

Often, the size of the executive organ responsible for decision-making in stakeholder interaction within an IIF relates to the inclusion of stakeholders on the demand side of capital: The smaller that organ, the more likely is the exclusion of such stakeholders and beneficiaries (Casasnovas and Jones, 2022). This can be related to the structure of impact investing funds, especially if these are smaller or novel IICs with limited resources. Under this resource constraint and with the pressure on early funds, this survival adaption is to be seen as a double edged sword: Either the IIF is designed for shareholder attraction and focused on people in power (focus on the organization), or the IIF is built around core values and integrity of stakeholder integration (focused on the impact investing community) (Casasnovas and Jones, 2022). Implications for collaboration are manifold, with the fund manager aligning values to create more value, originating from the requirements of resource dependencies, cost and uncertainty. These things depend on the outcome of the logic mitigation (see Table 4.1) - to which different funds of different built - have developed varying approaches. In regard to the notion of long-termism to investments made, and the idea of a wider socioeconomic and environmental reach (foresightedness) inherent to the community of impact investing, a sole organizational perspective on financial logics favors financial logics over social to an extent that issues of impact washing can submerge. In general, collaboration, logics and norms are related to the goal each stakeholder has, which serves as the intrinsic motivator to taking part in impact investing on both ends of the capital transfer, hence the question of intent is important to be reflected by all stakeholders regularly in stakeholder engagement and value alignment (Roor and Maas, 2024).

Expanding the logics to the legal sphere of contracts and fiduciary duties, the fund manager is in a conflicting position between obligations to investors and stewardship toward SEs (Richardson and Cragg, 2010). Investors apply pressure on IIFs to control made investments (besides having high standards on due-diligence pre-investment) and demand IIFs to include co-decision (control) rights as shareholders, thus opposing the call of SEs for autonomy (Glänzel and Scheuerle, 2016). The influence of the social sector on norms and logics expands to the motivation in inter-organizational relationships in the impact investing community. As such, a well functioning relationship between IIFs and SEs, leading to efficiency and positive returns, is a major instrument for the legitimacy of the impact investing community as a whole. Following the notion of long-termism in impact investing, the norms and values, as well as the needs and expectations of stakeholders, change as the SEs invested in evolve over time. Hence, the fund manager needs to adapt dynamically with time, additionally to performing in varying roles in the eyes of a diverse stakeholder group (Holtslag et al., 2021). Such roles, which depend on the stage of an SE in its ecosystem, are: financing and exiting the SE; recruiting, mandating (goal alignment and contracting), and strategizing activities for active investments; and dealing in external affairs of investments such as market forecasting, legitimization of impact investment ((credibility, reputation benefits, validation)), collaboration, reaching out (introducing, connecting, promoting portfolio to external stakeholders) and communication (Holtslag et al., 2021). This unique standing of the fund manager in active investments is expressed in manifold (role specific) moral virtues as well as epistemic virtues dealing with knowledge (see Sections 4.5 and 4.6). For the virtuous agent, having such logics is important to guide their decision-making and their deliberation thus representing the ethical incentive for a rationale that creates impact (Audi, 2012).

Table 4.1: This table exemplifies the differences of the two different sector logics, financial and social. Instances disclosed in academic research are given.

Financial Logics	Social Logics
"Capitalist mantras such as efficiency, meritocracy, and positive globalization have concrete instantiations in the everyday life of organizations that normalize inequalities." - Casasnovas and Jones, 2022; p. 952	"Because impact investing has a social component, there is a normative assumption that the field is being designed under ethical considerations." - Casasnovas and Jones, 2022; p. 965
'Financial-First Investors' prioritize financial returns over positive social and environmental impact as part of their business model. - Roor and Maas, 2024	'Impact-First Investors' prioritize positive social and environmental impact over financial returns as part of their business model. - Roor and Maas, 2024
"Commercial logics as norms, practices and values with a clear goal of increasing dividends and rewarding efficiency and control." - Agrawal and Hockerts, 2019a; p. 3	"Social logic as the motivation to address the social requirements of a community (or poor, or disenfranchised, or marginalized) and possess a well articulated social mission." - Agrawal and Hockerts, 2019a; p. 3

4.3. Communication, Engagement, and Trust - Principles in Investing Relations

The third step is the investigation of inter-stakeholder relations expressed in trust based communication and active engagement at the meso level of the impact investing ecosystem, aiming to deepen the understanding of values and other intangible resources. Complementing the previous section, the following elaboration partially answers **SQ 2** and **SQ 3** - which will later be validated with the insights from Chapter 5 and discussed in Chapter 6. Premises of this section (**P.3.X**) are stated in Appendix-Chapter A.

Communication is key to reduce cultural barriers between fund managers and multinational stakeholders. With capital and knowledge streams potentially spanning many parts of an investment, frequent open personal engagement is needed (Agrawal and Hockerts, 2019a), emphasizing the importance of personal and habitual character traits (see Section 4.5). Glänzel and Scheuerle (2016) recall the following statement from an interview made with a professional in impact investing: "It's not institutions negotiating with institutions, but people with people" (p. 1656). As character traits express themselves in moral and epistemic virtues and vice, the educational background and experience as well as exposure to varying logics in finance and social sectors do play a role. In reference to competing institutional logics (see Table 4.1), soft skills in conflict management are key to facilitate goal alignment between IIFs and SEs (Agrawal and Hockerts, 2019a). These alignments are facilitated by engagement (board membership, mentorship, stewardship, knowledge sharing, communication, etc.) and the motivation to prove and improve impact (social measures, reporting standards, performance in financial and socioeconomic terms, etc.) (Agrawal and Hockerts, 2019a; Holtslag et al., 2021; Roor and Maas, 2024). An extension of this active engagement and communication is the emergence of moral conflicts in active investments (Audi, 2012). The fund manager is then in a position where opposing interests and/or obligations occur and have to be mitigated. Fiduciary duties and contractual terms towards shareholders and promises and leadership propositions can conflict in the same manner as institutional logics do. Audi (2012) exemplifies this in the moral conflict of fidelity vs. beneficence (said fiduciary duties vs. resources for impact) or in being just vs. forgiving (how strict a fund manager reacts to failure, delays, and false promise, whilst remaining fair and ethical). Nevertheless, the quality of the moral and epistemic agent has enough capacity to manage these issues reasonably and in the interest of all stakeholders involved (Audi, 2012).

Another important aspect of good stakeholder management are means to address inequality. Following on concepts of inclusivity, the integration of vulnerable stakeholders and their culture into management processes such as decision-making in active investments by Battiliana et al. (2012), Casasnovas and Jones (2022), and de Bruin (2014), it is important to include such practices into the framework. The introduced networks and the issue of opposing logics in impact investing can have negative consequences of power gradients and the perception of power in stakeholder management. For reasons of equality and fairness, the inclusion of perceived weaker stakeholders especially on the

receiving side of impact investments is crucial to counter-balance the most often strong hierarchal structure of control and pressure top-down induced by financial logics of investors. The fund manager is in the pivotal position to counter these forces that can lead to mission drift and to urge for active engagement principles. Itself, the position of the fund manager can be biased from their own background and duties towards investors - a critical reflection of privilege is needed - indeed if the personal situation of the fund manager is within a position of power in relativity to 'weaker' stakeholders such as smaller or nascent SEs in developing/emerging markets. Synonymously, this calls for "an ethical imperative to empower" (Casasnovas and Jones, 2022, p. 963).

Trust is an intrinsically valuable part of humans as social organisms (Baird and Calvard, 2019; Zachary et al., 2023). It constitutes the very base of stakeholder engagement, cooperation, credibility, communication, and operations in impact investing as well as all forms of socioeconomic cooperation (Casasnovas and Jones, 2022). Solomon (2004) states that trust "is the 'glue', the basic 'medium' of a successful business enterprise" (p. 1035) and "that mutual respect, caring and compassion are what we all in fact expect and demand in our various jobs and positions" (p. 1040). Following Glänzel and Scheuerle (2016), credibility is conducive to act as an active mitigator between investors and SEs. Paired with transparency and openness in communicating risks of investments made to shareholders and expectations towards the organizations invested, the burdened relationship between all stakeholders in impact investing due to conflicting value dispositions can be improved. Analogous, the communication between stakeholders entails consideration and empathy regarding the beliefs, fears, and aspiration of individuals and their organizations. The fund manager needs to show objectivity and reflectivity in their own stakeholder management decisions to mitigate in favor of all entities involved, which includes being exposed to market and stakeholder pressure. Since risk and impact perception differs, alternating return expectations and conceptions regarding the reach of positive impact put fund managers in a position where the best-possible balance to impact investments derives from trust, openness, transparency, integrity, empathy, and objectivity in professional relationships with the customers of the IIFs (Glänzel and Scheuerle, 2016). These relational practices in impact investing are non-standardized and depend heavily on the inherent values, believes, experiences, and intuitions in stakeholder management of fund managers. Why the aforementioned practices are indeed relevant is due to the moral requirement of the function of the fund manager (Wijnberg, 2000). As the moral and epistemic agent at the center of impact investing capital and knowledge streams, the well-being and the interest of all stakeholders involved ought to matter to them. Any corruption of ethics or abuse of their position for personal or selective profit has severe negative implications for the integrity of the field as a whole.

With the virtue theoretical model of this thesis, particular emphasis lies on the communication of virtue as an attribute of virtue rhetorics, which means "language and narratives that espouse, and promise adherence to, ethical standards of behavior" (Zachary et al., 2023, p. 742). In the spirit of classical Aristotelian virtue theory, a healthy balance as a mean of excess and deficiency is required to be shown from impact investors, as trust can be in danger in between stakeholders if there is an offset in between the achievement of stakeholder expectations and promises on both sides of capital flows (Zachary et al., 2023). With that, the fund manager has the moral duty not to abuse the usage of virtue rhetoric as a tool of strategic framing (impact washing and mission drift as a consequence, detrimental to the reputation of impact investing). Also, they have to be aware of bias in disclosing ethical (virtuous) stakeholder management (Zachary et al., 2023).

4.4. Impact Investing Management Revision - Stakeholder and Institutional Theory

After describing the macro and meso level of impact investing in the Benelux, this section incorporates implications from the auxillary theories of stakeholder and institutional theory to aid in modelling a thoroughly designed theoretical model of impact investing. Both theories align well with the elements specified before and are widely utilized in business research. Thus, this section allows for setting the baseline to answer **SQ 6: 'How should a 'good' fund manager think and act according to the philosophical framework of virtue theory (complemented with stakeholder and institutional theory)?'**

- which will later be complemented with neo-Aristotelian virtue theory (ethics and epistemology of virtue) in Section 4.5 and Section 4.6 as well as discussed in Chapter 6. Premises of this section (**P.4.X**) are stated in Appendix-Chapter A.

Institutional theory includes the belief systems and associated practices in business and social interaction which shape the behavior of stakeholders in impact investing. Further, this theory is addressing relevant elements of impact investing, such as legitimacy, accountability, stakeholder engagement, strategic alignment, pressure as a factor for institutions, and the education of logics. Institutional logics as a part of institutional theory are the operational narratives of all stakeholders in society and business, impact investing naturally included. Thus, the inclusion of institutional theory into the model of ethical stakeholder management is coherent with its intent to pair normative with descriptive aspects of impact investing for the progress and success of the field. This theory is in place when analyzing the two conflicting predominant logics in impact investing (see Section 4.2), aiming in mitigating financial and social logics to reduce frictions between stakeholders. In practice, impact investing claims to be novel and in its way redefining institutional logics in finance by fusing both logics from the commercial and the social sector (Glänzel and Scheuerle, 2016). SEs and IICs are to be seen as hybrid organizations, which contradictory logics are mitigated utilizing different structural component in the business models of these organizations. Summarizing, institutional theory including institutional logics are useful for the model of ethical stakeholder management, as it provides a comprehensive framework for understanding and managing the complex stakeholder landscape around the fund manager. By balancing competing logics, building legitimacy, engaging stakeholders, and aligning strategies, fund managers can effectively manage stakeholder relationships and achieve both financial return and social impact.

The core principles of normative stakeholder theory entail the inclusion and consideration of the interest of all stakeholders, balanced within the decision-making processes of IICs. Collaboration, mutual value creation, ethical considerations, transparency, and accountability are as important to it as is long-termism of the achievements made due to the efforts of ethical stakeholder management. All combined, incorporating these aspects can enhance the ability of the fund manager to create meaningful and sustainable social and environmental impact whilst achieving financial returns. Stakeholder theory in impact investing includes measurements of accountability - which is part of integrity and due diligence of pre- and post-investment - regarding the proven and improved impact generated (Agrawal and Hockerts, 2019a; Holtslag et al., 2021; Roor and Maas, 2024). Applied stakeholder theory demands the integration of different institutional logics into stakeholder management, with the fund manager being accountable to all their stakeholders: Roor and Maas (2024) conceptualize these duties as 'upwards accountability' towards investors; 'downwards accountability' towards SEs, beneficiaries and society; and 'inwards accountability' towards colleagues, employees, and corporate codes of ethics. This pivotal position of fund managers centered within a network of normative elements within impact investing demands integrity, authenticity and accountability from the fund manager. If there is a misalignment of values, the fund manager has to act to mitigate in between stakeholders. Else, this misalignment causes conflicts within funds and between stakeholders that can lead to the failure of impact investments made (Roor and Maas, 2024) or mission drift (Cetindamar and Ozkazanc-Pan, 2017), thus threatening legitimization of the field of impact investing (Holtslag et al., 2021). If aligned with neo-Aristotelian virtue theory, normative stakeholder theory poses special implications on the fund manager in relation to their stakeholders (Wijnberg, 2000). Therefore, the fund manager entails freedom in decision-making, as the virtuous agent operates in favor and in sync with the interest of stakeholders (Bragues, 2006). With a high number of stakeholders in impact investing in the Benelux (see Chapter 3), the fund manager ought to maximize the benefits to all stakeholders and not favour any ones particularly - the fund manager has to treat their stakeholders as ends and not as means. This demands virtue, fairness, responsibility and truthfulness since equity and just treatment in honest, transparent communications and distribution processes are core to impact investments. Wijnberg (2000) claims, that business is there to enable the good life (success) of the organization and (positive impact to the) society as the link between virtue theory and stakeholder theory reverbs with the goal of impact investing.

4.5. The Role of neo-Aristotelian Virtue Theory in Impact Investing

The most essential part of this model is the incorporation of virtue theory, which includes both normative virtue ethics and the field of virtue epistemology (see Section 3.3.4). Thus, virtuous thinking and acting of the fund manager in stakeholder management can be modelled around the insights of the previous sections, considering elements on the macro- and meso level of impact investing of the impact investing ecosystem of the Benelux. This section elaborates on moral and epistemic virtues and vice at the micro level of the individual fund manager, therefore partially giving answer to **SQ 4: 'What are the character traits (virtues/vice) of fund managers as perceived by their stakeholders, partners and themselves?'** - **SQ 5: 'What are the ethical implications of such character traits in stakeholder management of impact investing?'** - and - **SQ 6: 'How should a 'good' fund manager think and act according to the philosophical framework of virtue theory (complemented with stakeholder and institutional theory)?'**. Findings of which (SQs 4+5) will later be validated with the insights from Chapter 5 and discussed (SQs 4+5+6) in Chapter 6. Premises of this section (**P.5.X**) are stated in Appendix-Chapter A.

At this point the previous research conducted in this thesis has already named some principal elements of virtue theory in impact investing. As such, stakeholder inclusion, purpose and normative nature of investments, longtermism, holistic societal thinking, importance of ethical decision-making, relevance of community and relationships, stewardship and responsibility, exemplars and leadership, as well as the value of compassion and empathy have been introduced. Now adding is the deep focus on the moral and epistemic character and its qualities of the individual fund manager of an IIC in charge of stakeholder management. Following the research of Audi (2012), this thesis assigns neo-Aristotelian virtue theory to be a suitable framework in business, with both moral and epistemic virtues as important assets (resources) for a fund manager to possess and being able to apply. Solomon (2004) claims that "the Aristotelian approach to business ethics, rather begins with the two-pronged idea that it is individual virtue and integrity that count, and that good corporate and social policy encourage and nourish individual virtue and integrity" (p. 1021). This notion demands high responsibility of the fund manager in stakeholder relations to act ethically. The notion of the mean in neo-Aristotelian virtue theory is analogous to impact investing in its nature to align financial returns with positive social and environmental impact. This balance is the main task and challenge of the moral and epistemic agent of the fund manager. Both the financial and social logics ought to be harmonized as the most efficient optimum in terms of returns to both logics are highest at the pivot of profit-impact dichotomy (Roor and Maas, 2024). Evidence given, fund managers having invested into a particular SE "assume moral responsibilities towards that company, its founders/entrepreneurs, its management team, its personnel and its other stakeholders - beyond the legal, contractual and fiduciary duties" (Fassin and Drover, 2017, p. 667). Referring back to the logics explained in Section 4.2, a fund manager ought to keep balance between the financial and social logics not only to sustain the integrity of impact investments, but also because shifting too much into one logic sphere negates virtue. Aristotle's considerations on wealth are wary regarding the pursuit of making money without benefitting the public or to sustain one's needs. Virtue as a moral good, "along with the rest, i.e. honor, strength, love, friendship, justice, temperance, etc., may be absorbed by the pursuit of money making" (Hadreas, 2002, p. 371). This is the reason why the education of virtue has such a high standing in neo-Aristotelian virtue theory, also impact investing with its social and normative aspirations can benefit from ethically sound stakeholder managers. In business, strengthening morally and epistemically desireable traits is a challenge (Audi, 2012), though it is worth to address. Virtues facilitate successful cooperation between stakeholders and enable the impact investing community to achieve collective goals in impact and finance (Mintz, 1996). The reason why an educated moral agent indeed acts virtuously is due to them knowing it is the right thing to do in a given situation (Mintz, 1996). This would prevent impact washing, mission drift or skewing to a certain logic. And moral virtues are best acquired in practice, which is why the exemplar plays an important role in fostering virtue in impact investing (see Section 4.7).

With already Aristotle claiming that as values and interests are heterogenous, so do certain "spheres of experience" (Wijnberg, 2000, p. 334) demand role specific virtues from the fund manager in certain contextual interactions with stakeholders (Audi, 2012; Koehn, 2016). Role specific virtues, which are reasonable from the perspective of a certain role, e.g., good leadership as a virtue, contrast with comprehensive virtues (applicable to many activities in live such as honest) (Audi, 2012). In

supply/demand hierarchies, how they are prevalent in finance where some stakeholders are on the giving and some on the receiving end of capital streams, the fund manager has to adapt to certain needs and pressures when addressing those groups. With demands shifting, so do power and the perception of such. In the role of the steward to a SE, a fund manager might have to express more 'parental' virtues (amiability, caring, empathy, etc.). On the opposite side, a sentiment of general servitude towards stakeholders with the expression of related virtues (integrity, agreeableness, diligence, etc.) can be seen appropriate and thus ethical by fund managers (Wijnberg, 2000). In general, moral virtues play an important role in impact investing. In academia, research exist emphasizing the role of certain moral virtues most important to business, finance, and entrepreneurship, all aspects of impact investing which the fund manager has to be virtuous in to be ethical and effective. Examples are: ambition in achieving one's goals, courage in decision-making, empathy in dealing with stakeholders, generosity in providing capital and knowledge, honesty in communications, integrity and justice in business affairs, and both being trustfulness in their stakeholders and being trustworthy in their eyes. The full list of moral virtues, their respective vice and references to further research can be found in Appendix-Subsection D.1.1. Relevance and implications of these moral virtues are further discussed in Chapter 6.

For the theoretical model of the virtuous fund manager, an artificial but useful line is drawn between moral and epistemic virtues. With Aristotle himself not separating between both, rather emphasizing the mutual interdependencies of moral and epistemic virtues for the good life, this thesis sets a boundary in between them for practicality. Epistemic goods, such as knowledge and its accumulation, processing, and application, play a large role in impact investing, as finance is a forward looking practice of great uncertainty. Knowledge itself is the key resource to mitigate risk, enable success and planning impact. Therefore, epistemic character traits are elemental for the ethical stakeholder manager. Out of the group of epistemic virtues, practical wisdom (*phronēsis*) is the most important - its impact on moral thinking and acting in framing deliberation processes in interdependence with other individuals allows the fund manager to be virtuous in practice. As Aristotle said, "virtue makes us aim at the right target, and practical wisdom makes us use the right means" (NE VI.12,1144a7-9). This character trait has to be exercised and educated by confronting ethical dilemmas and being exposed to active stakeholder management in an impact investing environment - practical wisdom enables right deliberation, which proceeds decision-making (Wijnberg, 2000). Important to *phronēsis* in business ethics are its two components of "*sunesis* ('judgement'), a capacity to perceptively evaluate testimony, and *gnomē* ('discernment'), a capacity to rightly discern exceptions to 'universal' moral rules" (Steyl (2020), p. 417) - both mentioned within Book VI of the Nicomachean Ethics by Aristotle (2019). Hence, alongside these capacities, *phronēsis* developes with experience (Steyl, 2020), after the fund manager had to make decisions on perceived information, was being exposed to complex situations and used deliberation to come to the best possible ethical conclusion in the interest of all parties involved. The underlying moral judgement in neo-Aristotelian virtue theory is "consistent with modern ideas about intuition in management decision-making" (Provis, 2010. p. 3). Therefore, intuition can be portrayed as the virtue of *phronēsis* in action, as the automated deliberation of ethical sense-making in the engagement of the fund manager with their environment (exposed to values, beliefs, demands, etc.), but "should be contrasted with mechanical calculation and with routine rule based decision" (Provis, 2010, p. 4), which are more elements associated with utilitarianism and deontology respectively. This "leads to derivative emphasis on development of capacity by individual decision-makers, rather than the analysis of decision processes "(Provis, 2010, p. 13). Examples of epistemic virtues would be: open mindedness, love of knowledge, epistemic courage, epistemic temperance, epistemic justice, epistemic generosity, and epistemic humility (de Bruin, 2013). Another example constitutes wisdom (*sophia*), which is essential in the role of the fund manager in anticipating future markets in which stakeholders have to navigate, as well as forecasting how regulation and external factors will impact the investments and the field (Holtslag et al., 2021). On the other hand epistemic vice (which are not necessarily the absence of virtue but distinct negative character traits) are for example: epistemic malevolence, epistemic insouciance, epistemic hubris, epistemic injustice and others (Baird and Calvard, 2019). In general, epistemic virtues play an important role in impact investing. In academia, research exist emphasizing the role of certain epistemic virtues most important to business, finance, and entrepreneurship, all aspects of impact investing which the fund manager has to be virtuous in to be ethical and effective. Examples are: attentiveness to information, competence in impact investing practices, creativity in processing and conveying knowledge, epistemic humility and reflectiveness, being aware of one's limitations as well as

practical wisdom in situations that it requires for. Such humbleness is required in terms of reflecting possessed skills and knowledge. Thus, to avoid decision-making under uncertainty which reduces efficiency of investments and endangers their outcomes, due diligence, syndication with professionals, and sector specialization are helpful (Holtslag et al., 2021). Only to invest in what one understands, what one has expertise in, and actively looking for support in cases where there is an apparent lack of understanding, is part of the humbleness of the epistemic agent of the fund manager. Accepting and acknowledging own fallibility and cognitive limitation is a praiseworthy quality of the humble manager (Baird and Calvard, 2019). The full list of epistemic virtues, their respective vice and references to further research can be found in Appendix-Subsection D.1.2. Relevance and implications of these epistemic virtues are further discussed in Chapter 6.

4.6. Symbiosis - Ethics and Epistemology for the Virtuous Investor

Here, this research fuses ethical and epistemological elements together for being of use in the manifold activities and deliberations a fund manager has to perform during active investments with internal and external stakeholders. Hence, this section addresses the same sub-questions **SQ 4**, **SQ 5**, and **SQ 6** as Section 4.5, whilst providing a more profound elaboration with regard to qualities expressed by the conceptualized ethical agent in Section 4.7 and Section 4.8. Further, the education of virtue is being addressed. Once more, statements (SQs 4+5) of this section will be validated in Chapter 5 and discussed (SQs 4+5+6) in Chapter 6. Premises of this section (**P.6.X**) are stated in Appendix-Chapter A.

In general, uncertainty and 'not knowing' are frequent concepts within investing, as rewards (monetary, social, environmental) occur in the future. 'Not knowing' or the absence of the epistemic good in financial investment equates with the inherent risk of financing as a whole, hence the effort of IIFs to mitigate risks under uncertainty whilst moving forward - an effort that demands epistemic virtues (Crossman and Doshi, 2015). Also, moral decisions in stakeholder management are often needed to be made under aggravating conditions of uncertainty and not-knowing (Agrawal and Hockerts, 2019a; Glänzel and Scheuerle, 2016), even though best effort is made by fund managers to accumulate and distribute information on investments. This expands to a moral obligation for ethical knowledge management, obtaining information about stakeholders such as seeking "consultation, dialogue, and partnerships" (de Bruin, 2014, p. 5) with stakeholders to reflect impact investing activities with their institutional logics. The aforementioned inclusion of vulnerable stakeholders (see Section 4.3) includes and benefits from the explicit and tacit knowledge sharing that these stakeholders on the demand side of capital can bring to the table (Baird and Calvard, 2019). To understand a market and to convey a value proposition in impact investing is based on bi-directional information flows between all stakeholders, in many cases essential are the SEs and their beneficiaries with their intel on social and economic impact on the forefront ('sphere of action') of investments. In accordance with this, the theory of virtue epistemology would demand fund managers to form (and constantly reflect) beliefs, assess evidence, evaluate peoples testimony, and reconcile conflicting sources of information, e.g., fund managers and their analysts with internal/external information. Godsall and Sanghvi (2016) emphasize the sharing of knowledge as a professional virtue, as the obligation of fund managers to propel the way of impact investing forward. As an addition, they claim that transparency and honesty are pivotal in stakeholder relations - both virtues of integrity and humility. One can conclude that stakeholder appeasement would constitute another feature of handling stakeholder relations. Holtslag et al. (2021) complement the need for epistemic virtues as IIFs and their responsible managers are prone to "suffer from a high degree of information asymmetry, which can lead to adverse selection and moral hazard" (p. 532). A virtuous character is the mean to ethical management in mitigating those dangers to effective and responsible impact investing. Knowledge in general is - besides money, people, and time - one of the major resources in impact investing. The depiction of knowledge as the feedstock of ethical stakeholder management, based on well thought-through decision-making processes, constitutes an aspect of 'intentionality' in processing said knowledge (Casasnovas and Jones, 2022). Fund managers that encompass this quality of knowledge utilization "have the necessary knowledge about how to address complex and deep-rooted social challenges, as well as that they represent the interest of all parties" (Casasnovas and Jones, 2022, p. 954). The opposite case, if (epistemic) vice prevail, management and decision-making

are weakened as vice make people ineffective, irresponsible, and unethical (Baird and Calvard, 2019; Zachary et al., 2023). Truth as an epistemic good is an important part of impact investing and of the fund manager (Bouilloud et al., 2019). Telling the truth and being responsible for the consequences this entails as well as making sure that the IIF and its stakeholders have a truth based relationship is key for the ethical stakeholder manager (Bouilloud et al., 2019). Honesty and transparency when conveying correct information address issues of wrong labelling which is a symptom of impact washing as a bad practice and danger to impact investing as a practice (Casasnovas and Jones, 2022). Actors in any sort of business organizations do have the propensity to undermine the truth as they fear short-term consequences, a phenomenon of epistemic insouciance, expressed if a fund manager "dismisses the value of true beliefs in favor of acquiring only comforting beliefs" (Baird and Calvard, 2019, p. 2). Accountability from the epistemic guilty agent is advisable, showing epistemic responsibility to making up for ones false-disclosure and bearing with the consequences it entails (Lamy, 2023). Further on, "being epistemically good does not necessarily mean telling the truth at all times, nor does it mean that epistemic faults will never be committed" (Lamy, 2023, p. 12). But it does include the urge to foster virtues to prevent or mitigate epistemic fault better. Conducive for proving external stakeholders the authenticity of investments and their efficiency, which has been previously stated to be an element of applied stakeholder theory in impact investing (see Section 4.4), is the importance of transparency and truth telling in impact communications (Roor and Maas, 2024). Therefore, a fund manager can use knowledge to "improve impact by integrating impact information throughout an integrated investment process" (Roor and Maas, 2024, p. 1), and to be able to foster innovation and creativity.

Part of the education of epistemic traits, as well as virtuous acting and thinking of the epistemic agent (fund manager), are practices of knowledge and skill appreciation as well as deliberation on group performances of stakeholder managers internally and externally (Casasnovas and Jones, 2022). This develops into a mindset of transparent communication of information and ideas, which, if neglected can lead to negative groupthink and reduced stakeholder engagement inside and outside the IIC. Casasnovas and Jones (2022) call in this manner for joint-value creation thinking in a holistic manner to deliver both innovative value to funds in monetary terms and impact to society. Moreover, knowledge-accumulation and processing are pivotal to the fund long-term success in impact investing: The "understanding of impact will define how fund managers design the strategies of their funds" (Casasnovas and Jones, 2022, p. 960). Quality of education is expressed in the way a fund manager applies virtue, since in order to be virtuously creative, one needs broad expertise and knowledge on how to direct virtue for the good life (achieving wellbeing of all stakeholders in financial and impact terms) - else virtue will be used at random and without proper intention (Casasnovas and Jones, 2022). This eduction in aspiring and work towards just distribution of knowledge is an epistemic quality of the fund manager, helping to tackle potential harmful information asymmetry between stakeholders (Holtslag et al., 2021). An important aspect of a good epistemic agent is epistemic integrity in dealing with testimonial injustice - prevalent to financial logics. The researcher de Bruin (2021) states that testimonial injustice in general "arises when members of a dominating group hold negative prejudices against members of a dominated group, which lead them to assign lesser than warranted credibility to the utterances or knowledge claims made by members of the dominated group" (p. 755). This would disregard the other stakeholders' credibility as knowing agents, hence posing unjust treatment. Unfortunately, this form of epistemic vice would occur in relation to gender and race - with prejudice and discriminatory practice disturbing ethical stakeholder relations, the transfer of knowledge and capital.

4.7. Exemplars - The Importance of Role Models

For making the conceptualized framework more applicable and hands-on for practice, as well as increasing inter-compatibility with differing value and belief system (expanding generalizability beyond the impact investing ecosystem of the Benelux), exemplarism is being included to attach virtue as imitable character traits of fund managers. This partially answers **SQ 6: 'How should a 'good' fund manager think and act according to the philosophical framework of virtue theory (complemented with stakeholder and institutional theory)?'** - then discussed in Chapter 6. Premises of this section (**P.7.X**) are stated in Appendix-Chapter A.

The depiction of an exemplar, following Linda Zagzebski's Theories (Zagzebski, 2010, 2013), involves the emotion of admiration. Thus, both to be admired and to take inspiration from other exemplars, stakeholder management ought to be affable. In the education of virtue, taking inspiration from exemplars is done by the close observation of a role model (Audi, 2012). Hence, for a fund manager to foster virtue, they must expose themselves to peers, colleagues, their community and like minded people. Vice versa, they are obliged to share their experiences and live by example, for impact investing to progress as a field. Aligned with neo-Aristotelian virtue theory, this follows the notion of the right act, which is defined in terms of virtue, and the relation is one of expression. Virtue is constituent of the good life (*eudaimonia*), the tangible positive impact a fund manager is aiming to create for themselves as well as all stakeholders involved (in both financial and socioeconomic/environmental impact terms). Also, the exemplar is able to breach cross-cultural barriers and show qualities of being imitable throughout different logic and belief systems (Zagzebski, 2013). As such, the fund manager ought to be objective, encompass holistic thinking and approach to mitigate issues between stakeholders. For this research, the exemplar serves its purpose in offering a model to educate managers and to give reason for why a set of propositions (see Appendix-Chapter F) is a valuable institutionalization of the ideal stakeholder management for practice. Following this intent, the premises made in this chapter are (after being validated in later parts) moral and epistemic concepts of virtue defined in direct reference to the theoretical entity of the ideal stakeholder manager as the exemplar of moral and epistemic goodness.

An appropriate addition to the work of Linda Zagzebski are the concepts introduced by Audi (2012) regarding exemplars in practice and education. He introduces valuable components of applied exemplarism: 'Aspiration' (What kind of person do I want to be), 'Prohibition' (Aversion to be associated with vice), 'Exhortation' (Critically appraising actions), 'Discovery' (How role models would act in certain situations or did act), and 'Justification' (Why something is virtuous is often a good opening for a justification). This holistic reflection on what the good exemplar constitutes (what traits are admirable and what actions and thinking are appropriate) is a valuable building block in the construction of the virtuous fund manager (see Section 4.8). In the context of ethical decision-making processes, de Bruin (2014) states that the exemplar has to engage on a regular basis in stakeholder management in which moral issues are frequent and complicated to overcome. The exemplar operates in a business environment under pressure, in which succeeding depends on the expression of moral and epistemic virtues to overcome vice and weakness. Being considered as a good example of how to do stakeholder management is not defined by terms of absolute KPIs, the quantification of returns or impact, being loyal or to be adamant to a set of logics. It is the way virtue is demonstrated in consultation, in engagement, in problem-solving, in transparent communication, and open reflection of one's management with internal and external stakeholders. In his review of Edwin Hartman's work of Aristotle on Business Ethics, Koehn (2016) concludes that the imitable exemplar is indeed trustworthy, insofar their acting and more important their deliberations are sound. Thus, not only their track record or good KPIs are determining, but who involves stakeholders, is transparent, and communicates their decisions and decision-making processes well. These qualities rub off on stakeholders, since "modelling excellent deliberation, the exemplars can nurture practical wisdom within stakeholders" (Koehn, 2016, p. 618). Often, exemplars are in positions of responsible leadership, taking in specific roles in relation to the needs of stakeholders inside and outside the IIC (Maak and Pless, 2006). Derived from the conceptualized "role model of responsible leadership" by Maak and Pless (2006), the fund manager as the central node within their stakeholder ecosystem acts upon virtues that enable them to act as a **visionary and ambassador** for the cause of impact investing; as a **servant and contact person** to the needs of their fund, their investors, and SEs; as a **steward and long-term strategic** within the boards of companies invested and active member within the manifold impact investing associations within the Benelux and beyond; and as an **active citizen of their IIC** participating as an agent of change and market builder. Nevertheless, the exemplar is humble and leads by example, they ought to be "equal human beings who earn a license to lead" (Maak and Pless, 2006, p. 112) for their stakeholders, for those who bring up the trust into their expertise, professionalism and good character to represent their values and lead to impact.

4.8. Homo 'virtuosos' - The Notion of the ideal Stakeholder Manager

Finally, this section imposes the insights accumulated to this point onto the fund manager as the moral and epistemic agent in stakeholder management, thus providing with the baseline to **SQ 7: 'How should ethical best-practice guidelines for effective and responsible fund managers, active in stakeholder management, look like?'**, which will then be further validated with the insights from Chapter 5 and discussed in Chapter 6. Premises of this section (**P.8.X**) are stated in Appendix-Chapter A. To conclude, said guidelines (see in Appendix-Chapter F) are the result to the premises made in this chapter and the institutionalization of the outcome of this thesis for practice.

In principle, reflectivity and empathy in engaging with stakeholders are key qualities of fund managers, actively deliberating "on their investment mandate, their social goals, and the goals of the investee social enterprise" (Agrawal and Hockerts, 2019a, p. 16). Moreover, the ideal fund manager shows high professionalism in dealing with stakeholders, as professional practice lowers risk to returns and impact in active investments. This quality stems from education and the sharing of knowledge regarding stakeholder management practices internally (between employees of an IIC) and externally (in communication with other IICs in the ecosystem) (Godsall and Sanghvi, 2016). The sharing of knowledge goes along with the fund managers willingness to collaborate and share their knowledge to peers and newcomers. For the development of the field of impact investing to benefit all stakeholders, the managers ought to be transparent in how they think and act (Godsall and Sanghvi, 2016). This expression of character, of professionalism and competence, is conducive to act as an exemple for others. Imitable character traits of role models positively influence other fund mangers in their profession, drive and motivate them to aspire ethical stakeholder management in the spirit of the central core values of impact investing (Weaver et al., 2005). The origin of the fund manager influences their stakeholder management. People with experience in traditional finance might prioritize financial logics, or in the opposite case, people with experience in the social sector favor social logics and outcomes (Bandini et al., 2022). But the impact investing fund manager does have the normative duty to act in the middle ground, aligning and optimizing returns and impact. To develop the required skills needed to do this efficiently and successfully, requires the habituation of moral virtue throughout the career of a fund manager and the education of epistemic virtues and traits towards a holistic, forward looking and objective thinking mind. That mind deliberates, including all kinds logics and expectations the stakeholders express (de Bruin, 2014), in order to "identify and communicate organizational values that strike a healthy balance between commitment to both social mission and effective operations" (Battiliana et al., 2012, p. 54). This practical wisdom (*phronēsis*) in action is a sign of virtuous leadership (Bragues, 2006). A leadership that foster ethical demeanor in external stakeholders and internal stakeholders such as employees, who develop similar values with the fund manager as the imitable exemplar (Battiliana et al., 2012). The fund manager as the moral and epistemic agent is, according to virtue theory, "at least partially responsible for their traits and resulting actions" (Baird and Calvard, 2019, p. 2). The reduction of vice and the fostering of virtue is by itself valuable, hence the fund manager ought to strive to improve themselves (Baird and Calvard, 2019). With empathy and knowledge, a fund manager is able to adapt to varying needs, values, and character of stakeholder groups and individuals (de Bruin, 2013). Epistemic virtues are in this manner conducive to accumulate and process knowledge, that can be used in achieving business ends in impact investing (de Bruin, 2013). Moral virtues guide the normative decisions needed in dynamic business processes and build the base for ethical and effective stakeholder management for the success of impact investments (Audi, 2012). For this reason, education and habituation are a duty of the ethical fund manager, as de Bruin (2013) states that "unethical behavior was not in the first place a matter of doing wrong things, but of believing wrong things for the wrong reasons" (p. 593). This is especially true in referring to the professional and cultural background of fund managers, in possession of particular logics themselves, exposing to potentially conflicting ones in the pivotal position in impact investing as a profession in mediation for impact and returns. Reflecting on the motivation to why ethical practice is indeed important in Section 1.4, the fund manager is in a position of power in capital streams, and as an agent of change towards better finance and novel business conduct, they have the moral duty to do ethical deliberation, to act and think morally, and to possess and express moral and epistemic virtues (de Bruin, 2014).

4.9. Summary of Results I - Prelude to Results II

In summary, Section 4.1 addresses the intricate relationships between fund managers and their stakeholders within the impact investing ecosystem of the Benelux (**SQ 1**). This analysis emphasizes the importance of individual fund managers' backgrounds and their internalization of institutional and personal logics, which significantly influence their stakeholder management practices and investment decisions. Thereafter, Section 4.2, shifts the focus to the meso-level, exploring how fund managers must navigate and balance competing financial and social logics within their networks (**SQs 2+3**). The section highlights the challenges of aligning these conflicting logics while maintaining effective collaboration and adhering to evolving logics within the impact investing community. Section 4.3 builds on the previous elaborations, emphasizing the importance of trust-based communication and active engagement between stakeholders (**SQs 2+3**). It outlines how fund managers need to possess strong soft skills in conflict management and moral integrity to foster trust, mitigate conflicts, and maintain the delicate balance between fiduciary duties and ethical obligations.

Section 4.4 forestalls the integration of insights from stakeholder and institutional theories to enhance the model of ethical stakeholder management (**SQ 6**). It argues that these theories provide a robust framework for understanding the complex landscape of stakeholder relationships and for balancing competing logics to achieve both financial and social impact. Following, Section 4.5 focuses on the micro-level, introducing virtue theory as a fundamental component of ethical stakeholder management (**SQs 4+5+6**). The section elaborates on the moral and epistemic virtues necessary for fund managers, such as practical wisdom, courage, and integrity, which are crucial for making balanced decisions that align financial returns with social impact. On this basis, Section 4.6 synthesizes ethical and epistemological elements to enhance the fund manager's decision-making capabilities (**SQs 4+5+6**). This section emphasizes the importance of epistemic virtues like knowledge sharing, transparency, and humility in managing stakeholder relations, especially under conditions of uncertainty and complexity.

In the penultimate Section 4.7, this chapter introduces the concept of exemplarism, where fund managers are encouraged to adopt virtuous traits by emulating role models (**SQ 6**). This approach not only aids in personal development but also fosters a culture of ethical behavior within the impact investing community, serving as a guiding principle for fund managers. Finally, Section 4.8 consolidates the previous discussions into a comprehensive vision of the ideal fund manager. This section underscores the importance of continuous self-improvement, education, and the habituation of moral and epistemic virtues, which together form the foundation for ethical and effective stakeholder management in impact investing (**SQ 7**).

These sections collectively form a theoretical model that sets the stage for the empirical analysis in the subsequent Chapter 5, where the premises derived from this chapter (see Appendix-Chapter A) will be tested and validated through primary and secondary data (by an abductive research using the middle-ground approach in qualitative coding). The model serves as a framework for understanding how fund managers in the Benelux can navigate the complexities of ethical stakeholder management in impact investing, balancing financial returns with positive social and environmental outcomes.

5

Results II: Primary and Secondary Data

This chapter constitutes the second part of the result section and includes the process analysis and the results of both primary (interviews) and secondary (corporate documents) data sources. It shows the results of the data analysis that are being used to validate the model of virtuous stakeholder management conceptualized in Chapter 4. The validation of which, as a product of triangulation with the insights included in the chapter here, is further discussed in Chapter 6. Thus, this chapter is key in validating the postulated theoretical model and thereby answering the main RQ of this research: **'How can fund managers of impact investing funds manage their relationship with internal and external stakeholders - which partake in made investments into social enterprises - in an ethical sound manner?'**. This chapter is structured in two major parts. Firstly, Section 5.1 is introducing the raw data derived as the product of the qualitative data analysis, which includes the result of the abductive approach - **the Codebook** and its **Conceptual Abstraction** (Subsection 5.1.1). Additionally, the intermediate of the **Virtue rhetorical framing** for virtue analysis in stakeholder management is shown (Subsection 5.1.2). Secondly, the sections thereafter present the empirical findings of the qualitative coding of the **Semi-structured Interviews** and **Corporate Documents**, structured to address the **five SQs** to be validated following the statements made in Chapter 4 as part of the theoretical model. Hence, Section 5.2 responds to **SQs 2+3**: 'How is the network of collaborations, missions, and values structured at the inter-organizational level (between investors, financial intermediaries, and social enterprises)?' and 'What are competing institutional logics fund managers have to mitigate between themselves and their stakeholders?'. Thereafter, Section 5.3 addresses **SQ 4**: 'What are the character traits (virtues/vice) of fund managers as perceived by their stakeholders, partners and themselves?'. Then, Section 5.4 relates to **SQ 5**: 'What are the ethical implications of such character traits in stakeholder management of impact investing?'. Finally, Section 5.5 addresses **SQ 7**: 'How should ethical best-practice guidelines for effective and responsible fund managers, active in stakeholder management, look like?'.

5.1. Primer - Codes, Categories and Virtue Rhetorics

This first section portrays the imminent results of the utilized abductive research approach and serves as a primer to the structured findings of later sections which build on the data generated by performing the aforementioned middle-ground approach to coding in Chapter 2.1. The purpose of logical reasoning and display of results according to key themes (aggregate dimension of findings), as well as their related categories aiming to address the SQs, this Section displays the origin of statements made in Section 5.2, 5.3, 5.4, and 5.5.

5.1.1. Results of the Abductive Approach: Dimensions, Categories and Codes List

The analysis of **Primary data** (Semi-structured interviews) and **Secondary data** (Corporate documents) using a middle-ground to coding led to a long list of codes through an iterative process of refining, comparison, complementing and connecting. The initial code list was informed by the set of premises (see Appendix-Chapter A) and therefore by the theory underlying the theoretical model constructed in Chapter 4. The list then developed inductively by the emergence of new codes deemed relevant to ethical stakeholder management in impact investing during the explorative phase from the data sources.

As such, the comprehensive **Research Codebook** in Appendix-Section E.1 was generated, which itself constitutes the base of the **Conceptual Abstraction** shown in Table E.1 in Appendix-Section E.2. Here, in order to present the results which are concluded from 2nd degree categories and higher aggregate dimensions, Table 5.1 displays and explains each category and their relevance to the SQs of this research. The categories and dimensions were the product of the reduction phase of the qualitative analysis, directed at finding categories and interrelations to answer the five SQs which were to be validated empirically.

Table 5.1: This table depicts the product of the axial and selective coding as the result of the qualitative coding approach. Thus, it lists the **Aggregate Dimension** of related **Categories**, and their respective **Category-Explanation** and relevance to posed **Sub-Questions (SQs)**. The dimensions and categories are further analyzed in this chapter and discussed as part of empirical research in Chapter 6. The full version including codes (see Table E.1 in Appendix-Section E.2) and the Codebook (see Appendix-Section E.1) are available in Appendix-Chapter E.

Aggregate Dimension	SQs	Category	Category-Explanation
Collaboration and Networks	**2,3**	*Macro-Level*	Involves the larger ecosystem of societal stakeholders, focusing on building consensus and fostering cooperation across various societal sectors.
	"	*Meso-Level*	Refers to collaboration between organizations, including partnerships and alliances that are vital for achieving shared goals in impact investing.
	"	*Micro-Level*	Involves teamwork and collaboration within and between teams or individuals (on a cross-organizational level), essential for aligning internal processes with ethical standards and stakeholder expectations.
	"	*Stakeholders*	Encompasses both internal (e.g., employees, management) and external (e.g., investors, communities) stakeholders who are crucial in decision-making processes.
Dichotomy of Institutional Logics	**2,3**	*Values*	The core beliefs and priorities, such as balancing social and financial values, that guide decision-making in ethical impact investing.
	"	*Rules*	Formal regulations and guidelines that influence how investments are managed, ensuring compliance with both social and financial expectations.
	"	*Norms*	The informal, often unspoken, standards of behavior within the organization, ensuring that social and financial objectives are met ethically.
	"	*Strategies*	The approaches taken to achieve both social impact and financial returns, requiring careful planning and execution in line with ethical principles.
Mission	**2,3**	*Goals*	Long-term objectives that include both financial impact and social outcomes, reflecting the dual focus of ethical impact investing.
	"	*Positive Outcomes*	The beneficial effects of investments, such as value creation and ethical practices, that align with the mission of impact investing.
	5,7	*Detrimental Outcomes*	Negative consequences such as mission drift or impact washing that can occur if ethical considerations are not upheld.
	2,3	*Intentions*	The underlying motivations, such as value alignment and legitimacy, that drive ethical decision-making and stakeholder engagement.
Roles and Responsibilities	**2,3**	*Management*	The direction and oversight of the organization, ensuring that ethical considerations are integrated into all levels of management.
	"	*Role of Fund Managers*	The responsibilities of fund managers, including stewardship, service, and leadership, which are critical in maintaining ethical standards in investments.
	"	*Negotiation*	The process of reaching agreements that balance stakeholders' interests and ethical concerns in impact investing.
	"	*Diligence*	The careful and persistent work required to adapt to stakeholder needs and situations, ensuring responsible investment decisions.
	"	*Enabling*	Facilitating growth and networking opportunities that support the ethical and sustainable development of investees.
	"	*Self-awareness*	Understanding one's own motivations and biases, which is essential for ethical leadership and decision-making in impact investing.
Cultural and Power Dynamics	**2,3**	*Characters of Ecosystems*	The grouping and cultural barriers that affect how power dynamics and ethical considerations are managed in impact investing.
	"	*Hierarchy*	The power gradients within and between levels of the organization, influencing how ethical decisions are made and implemented.
Organizational Structure and Resource Management	**2,3**	*Investors*	The types of investors and their expectations, which influence how ethical and financial goals are balanced.
	"	*IICs and IIFs*	The composition and pressures within institutional impact capital (IICs) and institutional impact funds (IIFs), affecting ethical decision-making.

Continued on next page

Aggregate Dimension	SQs	Category	Category-Explanation
	"	*Investees*	The autonomy and value proposition of investees, which determine how they align with the ethical goals of impact investors.
	"	*Regulation*	The legal framework that governs impact investing, ensuring that all activities comply with ethical and legal standards.
	"	*Resources*	The allocation of personnel, capital, time, and knowledge, ensuring they are used ethically to achieve both social and financial goals.
Professional and Personal Influence	**2,3**	*Plurality*	The diversity of values and stakeholders within the organization, requiring a balanced approach to meet different ethical expectations.
	2,3,4,5	*Culture*	The organizational or personal culture that influences decision-making, including receptivity to ethical values and social norms.
	"	*Experience*	The practical wisdom gained through experience, which guides ethical decision-making and enhances the credibility of the organization.
	4,5,7	*Education*	The professional development, socialization, and character-building necessary to foster ethical practices and stakeholder engagement.
Stakeholder Management (Relations and Engagement)	**2,3**	*Soft Skills*	The interpersonal skills, such as trust-based communication and goal alignment, necessary for managing stakeholder relationships ethically.
	"	*Hard Skills*	The technical skills like financial analysis and project management that support ethical decision-making in stakeholder management.
	4,5,7	*Hands-On Activities*	The practical actions, including stakeholder inclusion and impact reporting, that are vital for maintaining ethical standards in impact investing.
	"	*Skill Building*	The continuous development of skills and principles necessary for ethical leadership and stakeholder engagement.
	2,3,4,5,7	*Qualities of Coexistence*	The attributes like trust, empathy, and transparency that are essential for maintaining ethical and productive stakeholder relationships.
Normative Considerations	**4,5**	*Character Traits*	The moral and epistemic virtues that guide ethical behavior and decision-making in impact investing.
	4,5,7	*Moral Factors*	The ethical dilemmas and responsibilities, such as fiduciary duties and holistic thinking, that 'impact' investment decisions.
	"	*Fostering Ethical Practice*	The processes of educating and habituating ethical behavior within the organization, ensuring that all actions align with ethical standards.
Decision-Making	**4,5,7**	*Prerequisites*	The foundational capacities like objectivity and self-regulation that are necessary for making ethical decisions in complex situations.
	"	*Factors*	The external influences, such as relational practices and market conditions, that impact ethical decision-making processes.
Epistemic Management	**4,5,7**	*Uncertainty Management*	The strategies for making decisions under uncertainty, managing information asymmetry, and acknowledging the implications of not-knowing in impact investing.
	"	*Risk Management*	The processes of evaluating, mitigating, and preventing risks, ensuring that ethical considerations are integral to all risk management practices.
	"	*Knowledge Management*	The handling of knowledge accumulation, processing, and distribution, ensuring that information is used ethically in decision-making.

5.1.2. Virtue Rhetoric for Data Analysis

Complementary to the codebook generated (see Appendix-Section E.1), to accurately analyze virtue and its expression in testimonies (transcripts of interviews and corporate documents) and therefore being able to detect virtue in stakeholder management practice from the data available, a virtue rhetorical analysis was conducted. This is based on the notion that virtue and vice is communicated through rhetorics, the use of language to convey a certain normative or descriptive message about an object or concept to another sentient receptor. With the complexity and abundance of terminologies associated with certain virtue and vice in language as a cohort of cultural consensus on the constitution of nature, a portfolio of words - **codes** - codify virtue and vice. Thus, to be able to form a first instance of virtue rhetorical framing, this thesis took inspiration from the method of a "Word Lists and Example Rhetoric for Virtue Framing Dimensions" (p. 752) by Zachary et al. (2023), which itself builds on work of Payne et al. (2011) and Chun (2005). Here, the virtuous character of individuals of IICs and fund managers of IIFs was assumed to be disclosed within communications of IICs to stakeholders and fund managers themselves. Table 5.2 gives an example from the work of Zachary et al. (2023), the virtue of 'integrity' is being communicated in a list of word instances in the following manner (p. 752):

Table 5.2: This table exemplifies the methodological approach to extract virtue from a given text example. By having created a list of words associated with a certain moral or epistemic quality, the researcher was able to find evidence of said quality in the analyzed primary and secondary data.

Virtue Dimension	Word List
Integrity	Authentic, believable, credible, creditable, decent, devoted, earnest, equitable, ethical, even-handed, fair, faithful, forthright, genuine, highly-respectable, honest, honorable, ingenuous, law-abiding, lawful, loyal, objective, principled, resolute, respectable, sincere, socially-responsible, transparent, true, trusted, trustworthy, trusty, truthful, upright, upstanding, values-based, virtuous

Equipped with these words, which are generated for every expected virtue in impact investing (see Appendix-Chapter D), this research analyzed the existence, quality and quantity of virtue in impact investing in the Benelux as an ecosystem by systematically iterate through the written and spoken testimony of primary and secondary data sources. The results of which are stated in Section 5.3, in which the quality and quantity of expressed virtues in the primary and secondary data is shown.

5.2. Stakeholder and Logic Pluralism

This section presents the findings of both interviews and corporate documents relevant in answering key themes that emerged from the qualitative analysis performed in addressing the SQ 2: **'How is the network of collaborations, missions, and values structured at the inter-organizational level (between investors, financial intermediaries, and social enterprises)?'** and SQ 3: **'What are competing institutional logics fund managers have to mitigate between themselves and their stakeholders?'**. The Section incorporates the interviews by including the answers to questions asked and their analysis, as well as the result of the valuative analysis of corporate documents as part of the triangulation of the theoretical model constructed in Chapter 4. Core dimensions and their categories that have emerged during this analysis involve the **collaborations and networks** of the impact investing community in the Benelux, the existence and dominance of **dichotomic institutional logics** by stakeholders of fund managers in active investments, and the underlying **mission, roles, and responsibilities**, of actors involved. Moreover, it occurred that the **organizational structure and the distribution of resources** in impact investing (knowledge, time, personell, and capital) between stakeholders is under the influence of certain **cultural and power dynamics** that affect stakeholder management, which is also under the influence of **professional and personal aspects** of the fund manager in their IIC (see Table 5.1). Furthermore, by separating the presentation of findings by data source, Subsection 5.2.1 and 5.2.2 allow for comparison and contrast of the insights of both and therefore highlight the broad stakeholder and logic pluralism within the impact investing ecosystem of the Benelux.

5.2.1. Interviews - Stakeholder and Logic Pluralism

To begin, the fund managers of smaller and non-concessionary funds, who represent the majority in the focus-group interviews, agreed synonymously that they regard the investors (LPs) of their IIC as their main client, a view that was paired with dedicating resources to this group of stakeholders to address their demands and expectations to investments made. Moreover, this led to views regarding investors as the *"top of the food chain in made investments"*, nevertheless regarding the investees as the core of impact investing as they create the value others in the hierarchy profit from. In deciding which logics were deemed important to an effective fund manager, who is most often measured *"in how good they outperform numbers"*, financial logics imposed by the investor have the strongest resonance with the smaller and non-concessionary funds. Agreeing that balancing financial and social logics of hybrid stakeholders such as SEs would constitute an important part of *"stakeholder management along the way"*, *"finance would come first, impact second"*. Even though social logics and considerations made to societal and environmental themes in impact investments motivate the stakeholders involved and would pose the unanimous goal of impact investing, in reality stakeholder engagement and logic alignment would serve the positive financial outcomes as *"financial matters were more imminent, more deterministic in nature*

in impact investing". Often this imperative to perform, to adhere to financial logics, was associated with statements made after questioning the participants *"how would they deal with stakeholder or market pressure"*. Several agreed that there was a *"lot of pressure to cope with, as early stage investments bare high risks"*. This would be due to the structure at the inter-organizational network of impact investing, its position and relevance in the financial industry, and the societal consensus. The normative nature of impact investing, the objective to include society, beneficiaries, and to account for negative externalities of investments whilst remaining true towards impact creation and the alignement of financial returns with positive effects to stakeholders projected immense responsibilities toward the fund managers. But adding to this, some participants stated that pressure is not necessarily negative, rather an *"opportunity to act virtuously, urging to be communicative, transparent, and honest, demonstrating integrity and remaining faithful to the core values of the fund"*. With bigger funds, their statements differed: *"Impact first, money second"* as their investor-structure and their expectations, as well as their own track record, anticipate concessionary, but steady returns. Nevertheless, all fund manager interviewed highlighted the importance of long-termism, independent form whether financial or social logics dominate. Returns ought to be generated over longer time periods, as should impact generated be sustainable.

Curiously, some fund managers highlighted that logics were usually communicated implicitly, and *"not openly stated between stakeholders"*. After the initial investment, the nature of logics inherent to stakeholders in made investments is found out along the way (with the duration and active engagement of the investment partnership). This process was seen as time consuming but valuable, hence time is dedicated to those processes in understanding each other. With that, the analysis indicated that some IIFs have initial investment (downstream) which are only partially based on value alignment (as part of the due diligence process), but most often on financial logics, value prognoses, and expected ROI. Upstream, there were statements that the prevalent 'food chain' in impact investments, more specific the hierarchies in capital streams and market conditions, forced smaller and more novel funds to put emphasis on the attraction of new capital and new investors. With this, there was often a sentiment of *"I take whatever I get"* to sooth capital demands. Again, financial logics and capital demand were dictating the narrative. This is opposed by fund mangers highlighting the great effort made in pre-investment diligence involving value investigation and alignment, a process that determines whether investments are being made. According to their statement, this would naturally prevent logic misalignment (at least at the very beginning of an investment partnership between stakeholders). Similar, investors would pay attention in investing into IIFs, as bigger funds were being approached by investors who would regard similarities in value as the reason of investments considered. Here, the type of investor plays a role, as some fund managers differentiated between 'principled' investors - institutional investors which invest other peoples money, hence their due diligence is comprehensive and time consuming; and 'opportunistic' investors - informal investors or family offices which were to be faster in their investment decisions, hence they would find along the duration of an investment if *"they are working on the same page of logics"* with the fund manager. Another aspect of logic misalignment occurs with later-stage companies, as they sometimes deviate from their initial *"social focus as money comes in"*: *"Often the logics of young founders turn to become very financial, because they want to become millionaires suddenly, which causes dissonance in impact investing"*. With second round investors, in case other fund managers (who might not necessarily be impact investors) join in, new logics and expectations would come too, *"potentially reshaping them in more profit-oriented companies"*: *"Imagining that other funds invest and fulfill the expectations of their 'conventional' investors, they pass on a lot of detrimental logics onto the SEs, with expectations up to 30x ROI when exiting"*. This would cause frictions in logic-alignments too, *"if impact funds invest into regular businesses and try to reshape them into SEs"*.

Often, the respondents indicated strong subjectivism in the heterogenous field of stakeholders in impact investment with an evident lack of uniform standards funds throughout the ecosystem of the Benelux *"have or ought to follow"*. Logics were indeed regarded dichotomic, with many nuances in between certain degrees of financial or social disposition. In the communication of values, beliefs, rules, and norms, the fund managers emphasized the importance of openness, transparency, respect, and honesty between stakeholders. Synonymously, the response by the participants on "What are values, expectations, or working principles you encounter in your position (in made impact investments - post-investment)?" started with trust and the importance of trust, trustworthiness for, and trustfulness to the stakeholders of the fund manager, who differ greatly in their shape, governance, position in power,

hierarchy and society. Additionally, as there is a lack of general standards in impact investments that are tailored to the working principles of fund managers in active stakeholder relations, norms derived from financial or social sectors prevail on an individual level, based on the background of the fund manager in their engagement. Among the 9 interviews conducted, the professional background of fund mangers was diverse and included cross-sector biographies, hence there was evidence that the individual logics socialized based on the personal and professional background were guiding stakeholder management decisions. With investors as the mean to end, providing the needed capital to create impact, another mean to the success of SEs are the people involved within the investee companies. Thus, humans are seen as a valuable resource, with the fund manager aiding in providing *"a network to young founders, mentoring their activities in alignment with ethical and financial standards, engaging with them on a close contact base"*. Individual mentorship between the fund manager in engaging with SEs was attributed to the generation of better results and therefore more impact to society, due to better guidance and provision of resources to the leadership of SEs: *"Whether you're in a classroom with 100 people, 30 people, or having a one-on-one conversation with a mentor, which scenario do you think will have the greatest impact"*. These interactions and the role of virtues in stewardship/mentorship are of relevance in Section 5.4.

The type of financial instrument used in investments appeared to relate to certain financial logics, as some participants described that the nature of *"equity investment and lack of control"* would have special normative implications *"due to emotions and rationale [logics] by the SEs whose autonomy and decision-making rights are cut"*. For the fund manager, who is dealing with early stage SEs, this would pose an extra obligation *"to incentives and actively engage in educating rights and duties to the SEs"*, which would be *"a necessary step for their growth"*, hence *"empathy and humility were asked qualities in fund managers in this first stage of early investments"*. In some cases, when investments were made outside the Benelux (here in the case of emerging economies), *"debt would be more appreciated than equity due to their [investees] fear of lack of control"*, which demonstrated *"opposing belief systems"*, which the fund manager has *"to address for mutual success of investments"*. In this regard, collaboration within made investments was regarded dependent on the geographical reach of impact investments, as sometimes investors, financial intermediaries, investees and beneficiaries are scattered over different regions, countries, or even continents. As such collaboration, communication and logics were observed to be manifold, with particular implications for the nature of stakeholder management. With narratives of *"capitalism and growth being part of financial thinking [logic]"* were *"heavily dominant in western societies"*, they would be *"less so in developing economies"*, thus adding to the set of obstacles to stakeholder management. The *"cultural differences between stakeholders would increase the efforts needed by the fund manager to achieve outcomes"*. In cross-country investment spanning distant cultures, *"a fund manager might be a good manager in Europe, but they might potentially never be a good manager in Africa"*. Moreover, *"imbalances in value chains and power would increase risks to the investments"*. In general, *"corporate culture and social culture differences would entail many obstacles"*. Between external stakeholders there *"are cases of distrust and prejudice"* based on cultural differences between organizational structures. In one response, the fund manager was witness to cases of racial prejudice or cultural exclusion, when *"the origin, the religion, the gender, or the appearance of people were regarded negatively, hence their word was valued less"*. This lack of tolerance and integrity is evidence for vice in the form of epistemic injustice (see Baird and Calvard, 2019). To mitigate this, one participant emphasized *"international experience"*, which would *"lead to one being less biased, as well as having emotional intelligence and empathy to see situations form the perspectives of your peers"*. In dealing with investors, the fund manager ought to be diligent in upwards management, *"clearly approaching the investors to clarify that returns [ROI] are lower than in classical direct investments"*, hence, communicating expectations pre-investment and being honest and diligent in made investments, being transparent and reliable in informing investors about events, milestones or risks. Addressing the demands and concerns of SEs would constitute an important aspect of downwards management, which would include the communication of investor expectations by the fund manager: *"SEs get to feel that profit approach and the need to create returns, which means potential for frictions"*. Thus, being in a leadership position and most often having a 'seat at the table' within the investees' governance structure, fund managers would *"incentivize their practice"* as part of collaboration. According to some participants, this could be due to a possible *"deep-embedment within social logics of SEs"* that would require more active collaboration in stakeholder management by the fund managers as their decision-making is less aligned with the intrinsic mission and goals of the IIC (in creating positive financial returns besides social impact). Since there were *"always some sort of issue with founders"*, simplicity and directness were

deemed important by individual respondents, as *"every stakeholder would need to understand the matters into which they are involved"*. Overall, soft-skills in hands-on activities of stakeholder management were seen as most important, with focus on *"addressing the needs and expectations of the investors of IIFs"*, with one fund manager describing the *"biggest issue to them"* was *"the disagreement between investors [internally] on returns and timelines"*, a factor where the fund manager has to be active to mitigate heated logics within the investors, whilst *"at the same time doing so within the investees"*. Another statement in this regard was that one fund manager *"had to mitigate between investors and be open for compromise and change in approach to impact and strategy"*. They then *"have to be proactive as they couldn't remain idle and wait"*, because the provision of capital *"is the very start of every impact investment"*.

The entire network of collaborations, missions, and values of the Benelux would be structured around regulation *"to enable growth"*, with the *"regulators in the EU and US being supportive in establishing a suitable regulatory framework to establish and market impact investing finance products"*. This regulation would concern *"financial disclosure, instruments and syndication"*, but no regulatory framework was evident to affect post-investment stakeholder management, thus highlighting the importance of individual decision-makers in impact investments (see Section 5.5). Adhering *"to the strict rules of the investment profession, guidance of comprehensive sustainability charters and in-house policy"* were indentifyed to determine the start and the end, not the means of impact investments (the people). None of the professionals confirmed following any associations with normative rule-books on stakeholder management. Albeit, among the pool of IICs and IIFs included in the research, several issued corporate documents evidently indicated some funds being signatories of the OPIM, which act as a guidance in stakeholder relations to a minor extent (see Subsection 5.2.2). Besides the regulatory aspect of the ecosystem of the Benelux, which mostly reflects the regulatory framework of the EU (SFDR disclosure) on a macro level, contracting and insurances were found to be of great importance to the dynamics and nature of stakeholder engagement. Seen from a meso-level, interactions, obligations, rights, and boundaries were set as part of pre-investment due diligence, affecting post-investment operations. Given certain power dynamics, demand for capital, size of stakeholders and other factors such as imbalances in relations could be determined/addressed on a contractual level. Fund managers aim to protect themselves or their investees to a certain degree, *"because if there's an imbalance of power between sellers and buyers, this could lead to really unfair contracts. That's something we try to protect ourselves from and sometimes even have to fight against"*. This instrumentation was deemed by others as useful in logic alignment and mitigation, as *"values, expectations, etc., were partially embedded into shareholder agreement and investment contracts with investees"*, thus serving as a common narrative in between stakeholders. Hence, the importance of corporate constitution in the form of code of ethics (or others) to have a framework of ethical impact investing at hand if needed was observed during analysis. With dynamically developing global markets, impact investment markets, and regional developments in the Benelux, the logics *"underlying an investment relationship would change dynamically"*. Similarly, would *"stakeholders and the situations they are within, forcing the fund manager to dynamically adopt over the course of the +7 years investment relation"*. The responses of several fund managers included the notion of them seeing their position within the ecosystem as *"an agent of change, actively creating markets and demand for impact investments"*, adapting to *"shifting value chains on a macro-economical level"*. This stewardship position of the fund manager within their network and portfolio has implications for the expression of certain moral and epistemic virtues presented in Section 5.3. Those qualities related were favorable in the mitigation of competing institutional logics, both with internal stakeholders and external stakeholders. All together, these groups were supposed to be dependent on the fund manager as *"a strategic advisor, who is curious to understand a problem, the business, and understand its complexities"*, whilst being professional enough to *"be without pretending that you know the solution"*.

5.2.2. Corporate Documents - Stakeholder and Logic Pluralism

The general sentiment expressed in the corporate documents analyzed showed higher emphasis on the technical aspects of impact investing - which includes financial, legal, regulatory, and risk analysis themes - than the more normative evidence collected from interview participants which express strong subjectivism and individualism expressed in the content of the professional interviews. Hence, the analysis of corporate documents led to valuable findings, complementing the insights derived in Subsection 5.2.1 on a descriptive level. This is because the texts processed were rarely portraying a

singular responsible fund manager, rather the collective was seen to be in charge, as with growing fund size compartmentalization and specializations rose.

From a macro perspective, the documents indicated strong alignment to societal consensus on SDG criteria, the need for sustainable transformation and societal progress. This societal embedment took structure in the regulatory body of impact investment within the ecosystem of the Benelux and beyond: *"Blue like an Orange being part of a broader ecosystem, its Impact and Sustainability Policy follows the guidelines and requirements of internationally recognized initiatives and frameworks [...]"* (Blue like an Orange Sustainable Capital Fund GP Sàrl, Impact & Sustainability Policy, p. 6, 2024). Within their ecosystems, the funds benefit from the collaboration with a broad network of external stakeholders: *"We collaborate at a practical and strategic level with stakeholders, such as other values-based financial institutions, non-governmental organizations, governments and banking associations, to help grow a movement"* (Triodos Investment Management BV, Impact Approach, p. 5, 2022). This collaboration entailed open communication between the stakeholders of the fund, with the fund manager acting as a central pivot in goal alignment, risk mitigation and dynamic adaption to evolving market and regulatory systems, focusing on *"(i) open forums with investors to address investees' challenges on relevant topics, (ii) a constant dialogue concerning the ever-evolving regulatory environment to ensure full integration of the latest requirements in its investment activities and (iii) an advisory committee with a mission to review and approve the Impact KPIs of all companies"* (Astanor GP Sàrl, Operating Principles for Impact Management, p. 7, 2023). Even on the smallest level, an IIC would try to *"[improve their] internal collaboration systems, which has boosted efficiency and collaboration within the team"* (Triple Jump, Impact Report, p. 32, 2023). Aided by their strong team, the documents supported a strong leadership/mentorship position the fund manager had to guide collaboration, logic alignement, assuring that impact in the form of positive financial and social returns would be achieved. Actively approaching issues, *"the impact team [here responsible for stakeholder management], jointly with the investment team, will engage with the investee company to understand the issue and identify potential solutions and remediation measures"* (Bamboo Capital Partners, Operating Principles for Impact Management, p. 12, 2023).

In terms of communicating potentially opposing financial and social logics, the content of the documents induced evidence of strong tendency in favor of financial logic. On a corporate level, this was anticipated to be natural by the researcher, as impact investing is part of the financial sector: *"Astanor integrates other key measurement indicators to align with the latest European Union set of regulations applying to the financial industry"* (Astanor GP Sàrl, Operating Principles for Impact Management, p. 9, 2023). Nevertheless, social logics were articulated to some extent in the prevention of misconduct, work ethics, "client protection practices, decent working conditions for employees, fight against corruption, money laundering and tax evasion, as well as environmental preservation" (Incofin (Investment Management NV), Operating Principles for Impact Management, p. 10, 2022). From the structure, the addressing, and the intent of corporate documents issued as part of annual reports, regulatory disclosures or impact reports, the 'intent to attract' was confirmed. The open communication of stakeholder management, financial diligence, and performance KPIs highlighted this throughout most documents. Often, the importance of shareholders was emphasized: *"ESG risk screening of all investments to a more ambitious target of 'doing good' and value creation for the shareholders, investees, end-clients, society and environment [...]"* (Incofin (Investment Management NV), Operating, Principles for Impact Management, p. 7, 2022). As such, it was deducted that the investors are on a higher position in relevance of hierarchy and power (see Table 5.1), which was confirmed in Section 5.2.1. With this, their goals (e.g, Impact and long-termism: *"Through our mission at UnaTerra, we strive to achieve two key objectives: to generate superior financial returns and to make a long-term positive impact on climate and biodiversity"* (Una Terra Venture Capital Impact Fund, ESG Strategy, p. 2, 2023)) dominate the narrative. Corporate documents support that the main work of a fund manager was the management of stakeholders upwards (*"Every month, we organize update calls for our shareholders, during which we provide them with updates on the state of the business and the opportunity to ask questions. Comprehensive quarterly management reports ensure transparency and engagement with our shareholders"* (NLC Ventures Netherlands BV, Impact Report, p. 25, 2023)), internal, and downwards (*"[...] but also by accompanying our investee companies throughout their impact journey, either through regular monitoring, Board level engagement, and/or technical assistance"* (Bamboo Capital Partners, Operating Principles for Impact Management, p. 8, 2023)). Incentivization is part of this management approach, with a fund manager allowing *"companies to expand operations without giving up ownership or*

control, [creating] a more efficient financial structure and [strengthening] incentives for entrepreneurs to build and grow their businesses" (Blue like an Orange Sustainable Capital Fund GP Sàrl, Impact & Sustainability Policy, p. 4, 2024) as well as *"closely monitoring market and regulatory progresses and [striving] to participate actively in this debate, [leading] investees by example and shape the future of impact investing"* (Astanor GP Sàrl, Operating Principles for Impact Management, p. 2, 2023). This last statement has been derived from a signatory of the OPIM, who used their proposed principles to do impact assessment, rather than perform ethical stakeholder management. In operations, profit and time scales, several funds disclosed adhering to the 'norms' of the impact investing community in the EU: *"In terms of financial returns, the Fund targets [a] gross Internal Rate of Return (IRR) of 20% and gross investment multiple of 2.5x"* (Impact expansion (KOIS), SFDR Compliance, p. 10, 2024) and *"stay with [SEs] for a longer period of time to allow it to develop and grow properly"* (Goodwell Investments BV, Impact Report, p. 7, 2019).

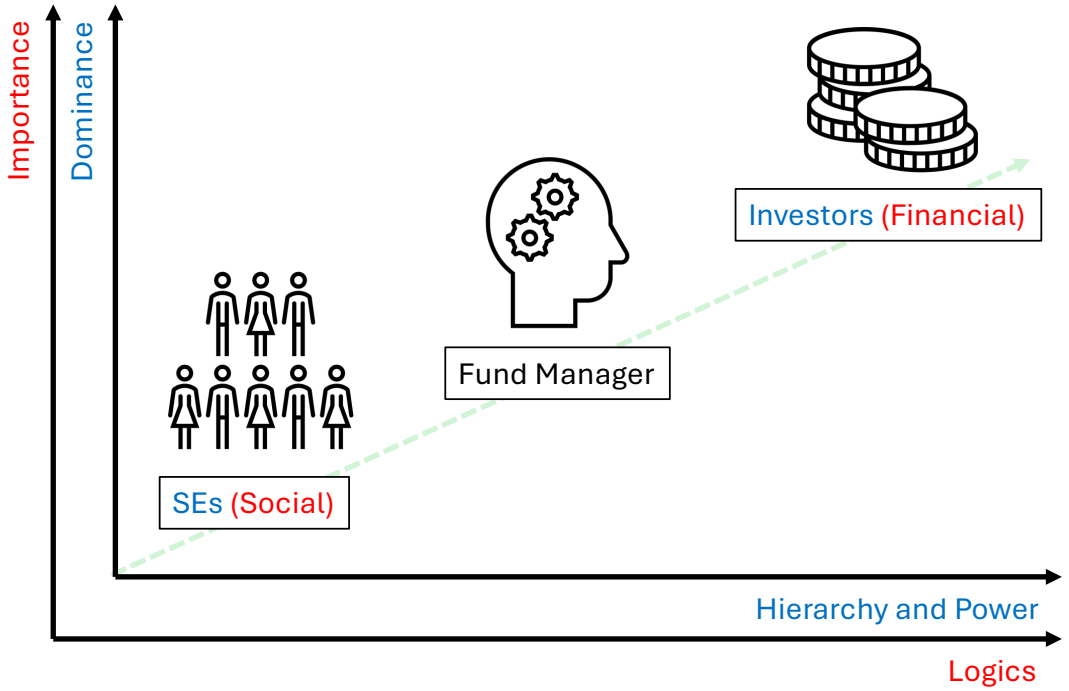

Figure 5.1: This figure exemplifies the findings of Section 5.2. In both interviews and corporate documents, the relative dominance in hierarchy and power as well as the importance of logics was skewed towards investors and their respective financial logics. The fund manager acted as an intermediary, who, albeit part of a hybrid organization native to both financial and social logics, showed preference to financial logics.

Concluding this section with regard to **SQs 2+3**, the network of collaborations, missions, and values at the inter-organizational level in impact investing is shaped by a hierarchy where investors, often regarded as the *"top of the food chain"*, impose financial logics that dominate decision-making in stakeholder management. This network is influenced by diverse investor types, geographical differences, and power dynamics, which fund managers must navigate carefully. Fund managers face the challenge of mitigating competing institutional logics, balancing the financial priorities of investors with the social missions of social enterprises, whilst adapting to evolving market conditions and maintaining ethical stakeholder management practices.

5.3. The Virtuous Fund Manager

The central element in this research is the expression of virtue in practice, as the application of character traits conducive to the success of ethical stakeholder management of the fund managers of IICs. Hence, this section presents the results of the virtue rhetorical analysis of testimonial data, which methodology has been introduced in Subsection 5.1.2. As such, this section adresses SQ 4: **'What are the character traits (virtues/vice) of fund managers as perceived by their stakeholders, partners and themselves?'**, having analyzed the transcripts of the interviews and the content of corporate documents. Since virtue is regarded as an **individual character trait** inherent to the fund manager as the moral and epistemic agent in impact investments, key categories have emerged during analysis that are related to virtues. They are the **professional and personal influence** of culture, experience, and education on thinking and acting within a business context in **stakeholder interactions and management**, which include the application of virtuous business skills in stakeholder engagements. In a **normative setting**, these moral and epistemic virtues are prerequisites to **ethical decision-making** and **epistemic management** in situations of moral conflict, uncertainty or risk (see Table 5.1). The virtues that have been derived (see Figure 5.2) were based on the literature involved the construction of the theoretical model in Chapter 4, which are named and explained in detail within Appendix-Chapter D.

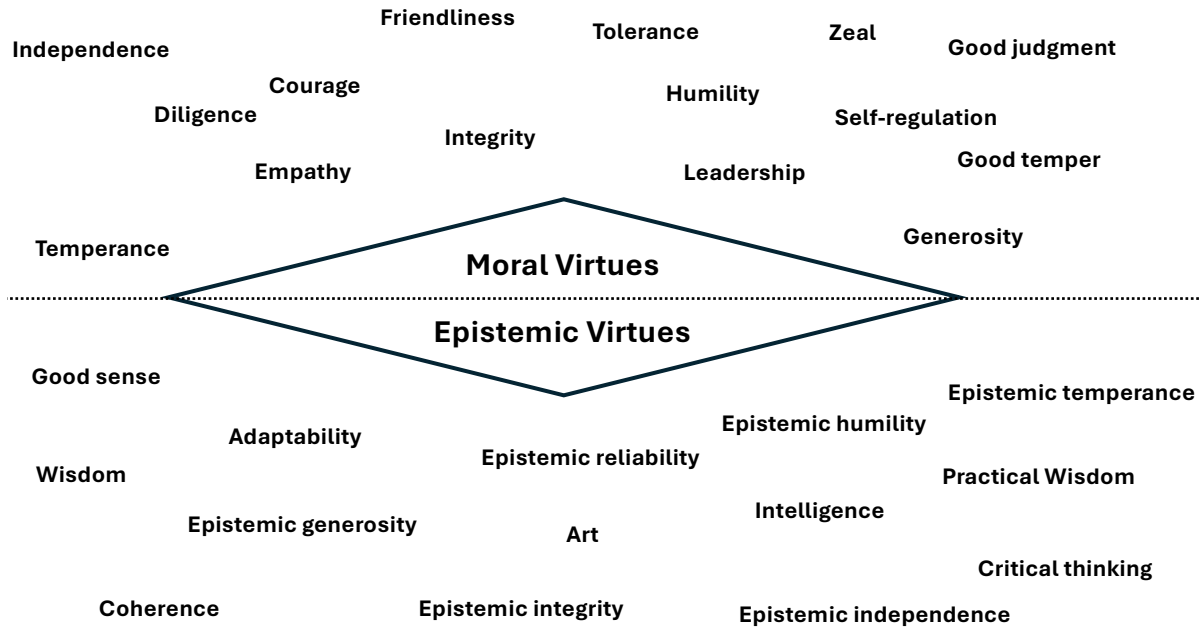

Figure 5.2: This figure present the virtues deemed relevant in impact investing based on the comprehensive literature study of Chapter 3 and the model of ethical stakeholder management constructed in Chapter 4.

From within the 9 interviews and 48 corporate documents included as part of this research, for most but few virtues which were derived from the literature, evidence was found (see more in Subsection 6.1.3). For better understanding, this section antedates the discussion made in Subsection 6.1.3, by introducing the hierarchy of impact investing virtues. Evidence and theory aligned, indicated the existence of 'Super-Virtues (SuVs)', 'Core-Virtues (CoVs)', and 'Base-Virtues (BaVs)' (for a more profound explanation, see Appendix-Section D.4). Out of these groups, partial empirical evidence of virtue expression was found for Temperance (BaVs). No empirical evidence was found on: Self-regulation (SuVs), Wisdom (SuVs), Friendliness (BaVs), Intelligence (BaVs) and Good Temper (CoVs). Whether empirical evidence on these virtues was found or not, has no explanatory power to falsify their existence, rather this was due to the special circumstances of these virtues (see Subsection 6.1.3). On the contrary, the virtues of Independence and Epistemic Independence could not be confirmed to be of relevance to the fund manager in stakeholder management, as evidence was found that these two virtues themselves could constitute vice in their interpretation within this research: Due to the profound inter-connection

of the impact investing profession on the macro-, meso- and micro-level, the fund manager is depended on their peers, their team, their investors, their investees, their beneficiaries as weel as societal input in their moral decisions and epistemic character. Hence, these virtues could constitute a disadvantage to collaboration, engagement, communications, financial returns and value creation (see Appendix-Section D.3 and Discussion in Subsection 6.1.3). Besides this, the **frequency of virtue rhetorical evidence** within the interviews and the corporate documents was being analyzed, the result of which, separated by source (interview/corporate) and type of virtue (moral/epistemic) is presented in Figure 5.3.

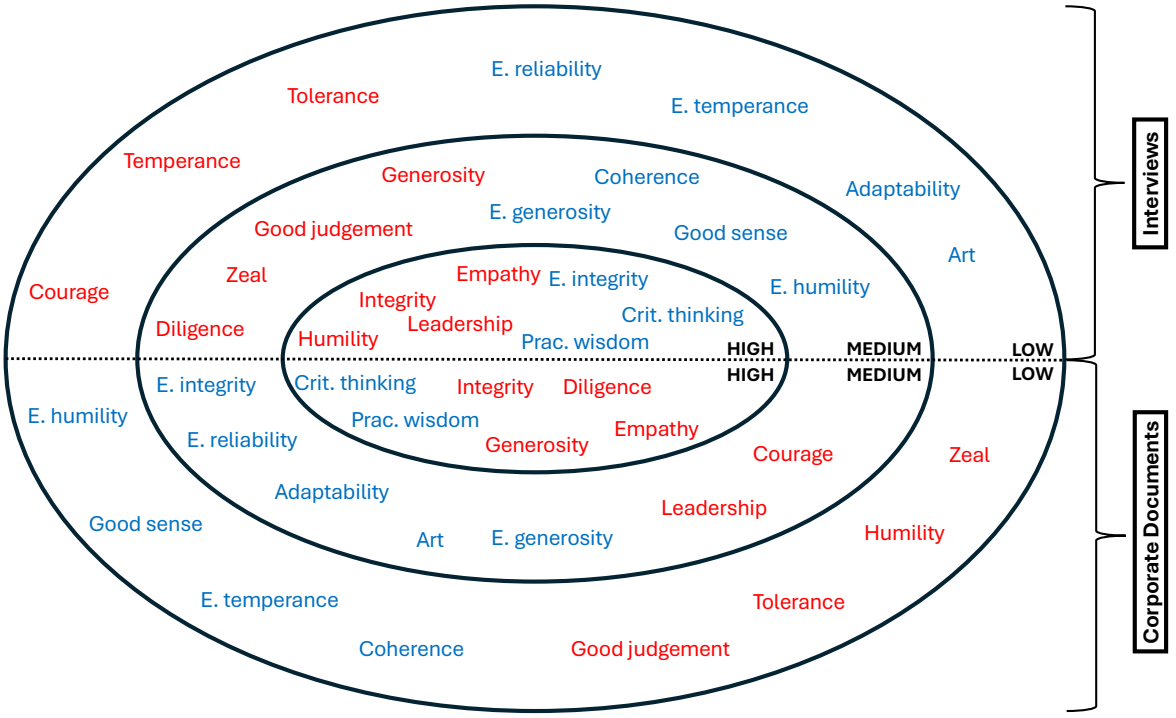

Figure 5.3: This figure presents the evidence and frequency of virtues found throughout the analyzed data sources (interviews and corporate documents), separated into moral (**RED**) and epistemic virtues (**BLUE**). ***Legend***: **LOW** = Low frequency of occurrence within data source (Interviews: min. 1 - max. 3 instances within 9 interviews; Corporate: min. 1 - max. 12 instances within 48 documents); **MEDIUM** = Medium frequency of occurrence within data source (Interviews: min. 4 - max. 6 instances within 9 interviews; Corporate: min. 13 - max. 24 instances within 48 documents); **HIGH** = High frequency of occurrence within data source (Interviews: min. 7 instances within 9 interviews; Corporate: min. 25 instances within 48 documents).

Additionally, Figure 5.4 presents the findings of a co-naming analysis within the interviews. Aimed at investigating which virtues are often named together - be it in a certain context or being highlighted within a given enumeration of virtue examples - empirical evidence emphasized the importance of **Empathy in Integrity as part of Leadership** as a moral component of stakeholder management. In case of the interview analysis, a major limitation of this analysis is the small sample size. Even though this co-naming might have occurred randomly, it is interesting as part of future research (see Section 6.3).

More explanatory power was given in the analysis of corporate documents (Table 5.5). Presumably due to the intent of attraction (of new capital, hence new shareholders), clearly the **'Empathic and Generous'** side of IIFs was emphasized. This is concomitant with the expression of **(Epistemic) Integrity, Diligence and Leadership**, potentially to express diligence in operation, valuing the mandate of the fund manager towards the investors, aiming to gain trust. Observable in the figures were the lower frequencies in co-naming of epistemic virtues, which can be due to subjectivity of the researcher in codifying virtue expression or due to the artificial line drawn between moral and epistemic virtues within this research. Findings and limitations are discussed in Chapter 6.

	Courage	Diligence	Empathy	Friendliness	Generosity	Good	Good Temper	Humility	Independence	Integrity	Leadership	Temperance	Tolerance	Zeal
Courage														
Diligence														
Empathy														
Friendliness														
Generosity	1													
Good Judgement														
Good Temper														
Humility														
Independence														
Integrity			2		1									
Leadership			1		1			1		2				
Temperance														
Tolerance														
Zeal														

	Courage	Diligence	Empathy	Friendliness	Generosity	Good Judgement	Good temper	Humility	Independence	Integrity	Leadership	Temperance	Tolerance	Zeal
Courage														
Diligence														
Empathy	1													
Friendliness														
Generosity		2	19											
Good judgement		1												
Good temper														
Humility														
Independence														
Integrity	1	12	2		1	1								
Leadership	2	3			4					7				
Temperance														
Tolerance														
Zeal														

	Courage	Diligence	Empathy	Friendliness	Generosity	Good Judgement	Good Temper	Humility	Independence	Integrity	Leadership	Temperance	Tolerance	Zeal
Adaptability														
Art		2												
Coherence														
Critical thinking		1			1					2				
E. generosity														
E. humility								1						
E. independence														
E. integrity					1					1	2			
E. reliability														
E. temperance														
Good sense										1				
Intelligence														
Practical										1	1			
Wisdom														

	Adaptability	Art	Coherence	Critical thinking	E. generosity	E. humility	E. independence	E. integrity	E. reliability	E. temperance	Good sense	Intelligence	Practical	Wisdom
Adaptability														
Art														
Coherence														
Critical thinking								1						
E. generosity														
E. humility														
E. independence														
E. integrity				1									1	
E. reliability														
E. temperance														
Good sense														
Intelligence														
Practical								1						
Wisdom				1									1	

Figure 5.4: This figure of a table present the result of a co-naming analysis including the frequency of instances when two virtues were named together (in context or enumeration). Here, the results derived from the transcribed interviews are presented.

	Courage	Diligence	Empathy	Friendliness	Generosity	Good Judgement	Good temper	Humility	Independence	Integrity	Leadership	Temperance	Tolerance	Zeal
Courage														
Diligence														
Empathy	1													
Friendliness														
Generosity		2	19											
Good judgement		1												
Good temper														
Humility														
Independence														
Integrity	1	12	2		1	1								
Leadership	2	3			4					7				
Temperance														
Tolerance														
Zeal														

	Adaptability	Art	Coherence	Critical thinking	E. generosity	E. humility	E. independence	E. integrity	E. reliability	E. temperance	Good sense	Intelligence	Practical	Wisdom
Adaptability														
Art														
Coherence														
Critical thinking								1						
E. generosity														
E. humility														
E. independence														
E. integrity				1									1	
E. reliability														
E. temperance														
Good sense														
Intelligence														
Practical				1										
Wisdom				1									1	

Figure 5.5: This figure of a table present the result of a co-naming analysis including the frequency of instances when two virtues were named together (in context or enumeration). Here, the results derived from the corporate documents are presented.

In general, aligning with the relative dominance of financial logics in impact investing (see Section 5.2), virtues associated with the rationale of business such as diligence, integrity, leadership, critical thinking, practical wisdom, and epistemic integrity predominated empathy, humility and generosity (which are more associated with social sector logics) in the data sources. The size of the IIC and their IFFs has special implications for the role of individual fund managers, *"as size grows the compartmentalization and specialization of tasks increased"*. Hence, comprehensive business virtues are more prevalent in smaller funds, whereas bigger funds require more profession in *"certain role [situation] specific virtues"*. What would be considered as 'role-specific' could not be determined from within the data sources. Overall, **SQ 4** has been addressed by the analysis of virtue rhetoric in professional and corporate testimonies, validating the virtues identified in the literature to this thesis. Qualities of fund managers proved to be manifold, with virtues being conducive to relational practice and knowledge management.

5.4. Ethical Stakeholder Management

By engaging with the normative implications of found virtues in stakeholder management of impact investing, this section responds to SQ 5: **'What are the ethical implications of such character traits in stakeholder management of impact investing?'**. That includes the analysis of both the interviews and corporate documents on key themes that stem from the possession or the lack of virtue as well as the consequences of vicious behavior which constitutes detrimental activities to the legitimacy and success of impact investment as a whole. Hence, categories stemmed from the assumption underlying this

research that virtue theory is premised on the idea that one learns from practice, thus **virtue influences the professional environment and vice versa** of the fund manager. This affects the perception of professionalism, the application of practical wisdom in **stakeholder management**, trust, communication, engagement, goal alignment, stakeholder inclusion, transparency, conflict and risk mitigation, **ethical decision-making** as well as **knowledge management** (see Table 5.1). Furthermore, by separating the presentation of findings by data source, Subsection 5.4.1 and 5.4.2 allow for comparison and contrast of the insights of both and therefore validate how ethical stakeholder management is to be seen under the influence of virtuous character traits of the fund manager in impact investing.

5.4.1. Interviews - Ethical Stakeholder Management

It was evident from the interviews that fund managers possessed a strong motivation to participate and excel in impact investments, to be good businesspersons for their own sake in their career, for the success of their fund, and more important to bring positive socioeconomic and environmental impact to the communities they invest into. Several shared the view that they regard the broader society as one of their key stakeholders, hence striving to *"improve the life of many"*. With that, managers were aware that their personal failure would affect their fund, potentially leading to the failure of SEs and investments made, this itself causing great harm to people. Hence, they indicated that it is *"the responsibility of fund managers to be good [effective] in stakeholder management to assure financial success"* and thus achieve impact for the beneficiaries. The good had a moral and epistemic component linked to financial success indicated, emphasizing the importance of virtue. Individual fund mangers were humble in regard to their own limitations, as *"impact investing would be one of the highest risk game there is, but many things were depending on external factors"* out of control for stakeholders involved, referring to factors of demand and supply of impact investments and broader societal consens about its importance. Therefore, they argued, it would be important *"to be virtuous in what remains under control to the fund managers"*. This entailed rationality and emotional intelligence in stakeholder management. The most rational part of impact investing would be needed *"pre-investment, afterwards you need character and skills in dealing with your internal and external partners [stakeholders]"*. According to a fund manager, *"emotional intelligence was key to stay grounded"*, as *"some decisions exceed rationality"* (especially in dealing with people - the human component of impact investments) and empathy, good temper, and friendliness were required to *"sometimes understand non-rational things"* in inter-personal relationships. Evidently, there were situations in which moral decisions in impact investments are a burden to the fund manager. Cases in which the fund manager *"has to change CEOs of SEs, which is a tricky process as people lose their company"*. This is required if a SE develops over time *"and people in there are needed who have a different view and a different perspective of the company"*. This would constitute part of dynamic *"adaption to the market, to the value proposition"*. Though, the fund manager ought to remain *"eloquent and considerate"* in expressing *"gratitude for their work"*, in interactions, communication and change. *"Informal engagement is very important for successful investments, which is sometimes even more important than a mere governance role. One would have to build a relationship and work with management"*. A fund manager recalled: *"Being a sparring partner, an equal sparring partner, entails empathy and emotional intelligence"*. In dealing with stakeholders to achieve value alignment in impact investments, *"addressing and openly-discussing the fears and worries of stakeholders involved"* would be part of *"honest communication"*. If the differences between the fund mangers and stakeholders like SEs are evident, such as in cases of hierarchy, culture, power, ability, or experience, which could be when *"dealing with early stage SE"*, *"empathy would be a key skill"*: *"Sometimes you're speaking with people who have nothing, so it's crucial to put yourself in their shoes and truly understand their perspective"*. Here, *"adaptability would help too, switching between logics"*. Temperance, *"keeping cool under situations of uncertainty and pressure"* and *"being able to communicate information between stakeholders"* are other virtues that were deemed *"nice to have"*. In general, the normative nature of impact investments would require *"being respectful, being aware, having the right info and network, being collaborative and having a good way to express yourself"*, which was deemed *"very important in dealing with that many stakeholders in all situations"*.

Therefore, regarding how virtue enables good ethical stakeholder management, empathy, integrity, leadership, practical wisdom, humility, etc., would act as leverage for open communication about logics with stakeholders, leading to value alignment, increased effectivity and efficiency of investments and investees. Simplicity, good judgement and temperance are conducive to directness in approaching stakeholders to calling out nuisance in value alignement, albeit this problem-solving approach was requiring flat hierarchies and softer power gradients which were not always given considering the effective hierarchy in investments between stakeholders (see Section 5.2). In general, there was an imperative to communicate major logic misalignments evident or emerging immediately before collaboration, as afterwards *"divorce was not possible"*. The effects of virtuous character expressed in stakeholder management are manifold, fund mangers regarded trust in people as the key element of impact investment, especially in the interaction of individual persons (members of stakeholder organizations) with their position. Fund managers would have the moral obligation to lead people and lead impact itself. With this came responsibility to be virtuous in *"achieving goals and aligning with the mission, sometimes having to force interaction with stakeholders"*. Some fund manager would state in this matter, that *"tangible things [such as KPIs] do not matter anymore if intangible qualities lack"*, which is being contrasted with others regarding *"returns and expectations are the things that matters, first they would have to deliver, then they would care for particular needs"*. This last statement was made by a fund and their fund manager who were strongly skewed towards financial logics. Authenticity was regarded important over the long run, as follow-up investments and network utilization (and its effectivity, potential in attracting people, data sharing, etc.) was dependent on the qualities of fund managers in staying close to core values, promises and impact expectations. *"High levels of responsibility and accountability"* would be demanded from an epistemically mature fund manager as a consequence of the *"fiduciary duties of their position"*. In *"dealing with other peoples money as well as being responsible for the wellbeing of all stakeholders involved by achieving impact"*, strong normative implications for professional work ethics were indicated by the fund managers interviewed. Often, three main characteristics were named, *"competence, responsibility, and accountability"*. A result of having these qualities (among others presented in Section 5.3), would be that *"those adherent to these virtues and work ethics will prevail and have long-term success in their careers"*. Virtue would constitute *"an important factor for survival in the profession"*, which *"is beneficial for the fund manager out of self-interest"*. *"In taking time"*, respondents said, *"diligence, professionalism, and the integrity of the fund manager"* were key for risk and knowledge management in capital and knowledge streams between stakeholders, with the fund manager being the central pivot.

Overall, the majority of fund mangers interviewed were agreeing on the fact that *"good fund managers were measured by their financial record over the long run"*, hence *"stakeholder management is a mean to the end"*. This highlight the importance of epistemic virtues that are beneficial to the accumulation, processing, and distribution of knowledge (as it would constitute a resource of similar importance as capital). Besides moral virtues that are supportive in inter-organizational collaboration and internal teamwork, effective knowledge management would *"lead to more financial success, due to lesser friction, a more stable environment, better communication, improved resource allocation, risk mitigation, better adaptivity to emerging situations and new stakeholders, and regulation"*. The importance of epistemic virtues was supported by such statements as: *"Knowledge processing is key, as the fund manager has to convey knowledge between differently built stakeholders [knowledge stream management where epistemic virtues have a place]"*. They need to get the information of both external and internal stakeholders alike, *"bundling, processing, translating, communicating and applying knowledge"*. All participants claimed that intuition (as part of good sense and practical wisdom) would be an important factor to the normative outcomes and their effectivity in achieving impact goals. It would be conducive to their decision-making in stakeholder management, the effectivity of their investments, and originate *"from the frequent interaction with stakeholders and the exposition to decision-making processes"*. Intuition expressed as practical wisdom to be able *"to act properly in certain situations"* of limited knowledge demanded *"decisions under uncertainty where the gut is required"*. This would constitute an *"ability one develops over time with your professional and life experience"*. Whilst virtue is important in many situations, part of diligence and the moral mandate of fund managers would be *"analytical reasoning as the thing that their investors are expecting from the fund manager predominantly"*.

Consequences of vice on the other hand were imminent, as many participants agreed upon that *"being ignorant [and non-appreciative] to the needs of your stakeholders is very bad practice towards achieving their goals in impact investing"*. This statement extends to the normative sphere of impact investing, referring back to Section 5.2, where fund managers stated that the very core of impact investment would be the people creating value and thus impact in the SEs. Adding to this imperative and the appreciation for their work was the following: *"I believe that attempting to change the strategy, impose your opinions, or be impatient for quick results can overlook the complexity of what these people are trying to achieve"*. This supported the view that respect in interaction and language was key, paired with integrity, trust and transparency. Vice would be detrimental to the appreciation that the stakeholders of fund managers deserve, *"and probably even detrimental to the business results [of their investment]"*. Several of the fund managers interviewed disclosed evidence of impact washing, mission drift and other detrimental activities among their peers, which synonymously were regarded as *"detrimental to the entire field"*. Impact washing would occur as impact investing was *"in trend"*, hence efforts were made to brand financial products *"green"*, even though this label is wrong: *"Some of our colleagues might see this as a trendy approach and choose to brand their strategy this way without truly understanding what it involves or what it takes to achieve a verifiable and measurable impact"*. Since *"these [vicious fund mangers] have no knowledge on what impact investing entails"*, their lack of virtue to act upon that knowledge gap expresses moral and epistemic vice. The consequence thereof is, having *"succumbed to false disclosure and greed in order to profit from the trend"*, greenwashing, which with all the aspects it entails *"unfortunately happened among their kind"*. They regarded their own efforts to be *"generous in impact investments antidotal to the greed of some of their peers"*. To prevent immoral practice such as impact washing, some fund managers stated that the SFDR disclosure as a regulatory mechanism would prevent miss-labeling of financial products: *"If you can't demonstrate concrete results on the required indicators outlined by this disclosure regulation, you can't genuinely claim to be pursuing a sustainable investment strategy"*. Albeit, they admitted, the SFDR disclosure would be a *"relatively new regulation, which still has to be improved and adapted over time with the real conditions in impact investing"*. Moreover, every impact investing fund must comply with the SFDR disclosure requirement, and it would be quite unusual for an impact investor not to disclose anything related to SFDR requirements on their website. Here, the analysis of corporate documents had resulted in funds not indicating SFDR visibly to the public (see Subsection 5.4.2).

Accepting their position, power, and possibilities, many fund managers were aware of their limited impact, *"as sometimes a fund manager would just be a small wheel in a big machine, as the financial logics of his LPs prevent him to have too much focus on societal aspect (finance first, impact second)"*. To act virtuously, an aggravating factor would be the lack of independence if investors put them under pressure. One fund manager made the following statement, which exposes a singular case of extreme logic and power imposition in this context: *"How can I act virtuously, how can I do the right thing if I don't promise 15-20% IRR to my LPs. I won't raise any money"*. The participant would *"be part of the whole system, because they promised great returns, they needed to be harsh on the founders and select only the very best. LPs are on top of the food chain, and they pick the fund mangers. The whole system is amplifying towards more return"*. As the general feedback on pressure, virtue, and principles was evident of high pressure, but not of such extremes, this case falls outside the scope of interpretation. Nevertheless, the general sentiment of fund mangers interviewed has been that character generally aimed at creating positive financial returns as the high-risk environment of the Beneluxian impact investing ecosystem would enforce this on smaller funds, *"else they would be out of business for their next fund"*. There *"were exceptions, and some managers are content with smaller funds or lower returns. However, generally speaking, the idea is that larger numbers drive best-in-class investments, which puts a lot of pressure on founders and hence they cannot shield the founders from that"*. From a position of a more established and bigger IIF, *"as soon as things go rough, this belief of a trade-off undermines the idea of impact investments as people tend to favor profits"*. Virtues were expressed by *"acting in such hostile situations"*. *"Even though"*, one fund manager stated, *"finance first is often the case"*, the *"financial logics should be ethical"*, adherent to virtuous practice, for the *"legitimacy and credibility of the whole field of impact investing"*. Solid conclusions to discussions on ethical and financial aspects were needed *"to be communicated and disclosed properly"*.

Having good character, several fund managers highlighted, would be directed to *"proficiency in profit, value, and power"* as part of stakeholder relations. Profits were needed for impact investing to prevail as an investment philosophy, and any virtues achieving better and longer-lasting profits were deemed

crucial. Value to stakeholders, beneficiaries and on a broader level society, was a direct result from achieving sustainable profits, as with it impact would come (in case there is no mission-drift of impact washing). Conducive would be virtues that *"foster relations, engagement, and communication - generally 'good' collaboration"*. Power itself would have a strong normative component, since *"power isn't just about who owns the value or who decides how it's distributed; it's also about having agency and maintaining dignity in the process"*. One statement made underlined this view by asserting that *"a virtuous fund manager is one who views profit as a means of ensuring continuity, creates value, and approaches power in a way that leads to a constructive and positive distribution between internal and external stakeholders"*. Sharing their experience, their virtue, would be part of educating new fund managers, their team, and their stakeholders as well as other IFFs to inspire ethical practice: *"Impact investing is more about sharing your beliefs, being strict on your own value, and leading by example - not just to encourage other investors to follow suit, but also to inspire social enterprises"*. This was named, *"actively creating emulation"* by a participant, evidence of exemplarism in practice. But this would not be a single-way process, fund mangers added, since *"the expression of virtue such as honesty facilitates alignment and diligence, whilst being open and susceptible to the core beliefs and practice of their stakeholders is a must"*. In this regard, one fund manager added that *"while norms are generally widely shared, knowledge isn't always shared in the same way"*. They *"would need to communicate how external stakeholders perceive their actions, and in turn, they need to inform them about client needs and limitations"*. Prospective fund managers would need to be exposed to *"those opportunities in stakeholder management for their own development, instead of keeping them behind their desk"*. This moral obligation is derived from the view of some fund managers, who claimed *"that they wouldn't invest in a company, but invest into a team"*. Highlighting this human component, some regarded impact investing *"being full of moral obligations towards investors, towards SEs, and towards society"*. In addition, some saw the *"critical reflection of their position, power and maturity"* as part of their humility. Rather than reducing their own stake, their responsibilities and duties, few stated that it is *"more important to empower and bring equity [in the sense of equality here] to investments relations by growth"* of the stakeholders involved. Reflectivity was also required, with knowledge accumulation, processing, and distribution between all parties involving the alignement of the *"why, the vision, and the strategy"* of the impact investment. A reflective opinion was the notion that different types of people create a good fund manager, and that the 'virtuous' fund manager cannot be a singular person, but rather constitutes a collective of *"people complementing each other, as people differ in background, thus leveraging their diversity, experience, and character"*. Another recalled, it would be *"hard to accept the ethical parts of impact investing since they came from the financial sector"*, but they had a trusted team that *"helped them to reflect their professional bias"*. Adding, *"reflectivity was needed throughout the lifespan of an investment"*: *"What do we need to move this company forward? Do we have the core competencies within the company and management team to make that happen? What are we lacking to take this to the next stage?"*.

Beneficial to the application of virtue in stakeholder management was a holistic thinking approach, with character traits such as good judgement, empathy, adaptability, coherence, and critical thinking. In case of logic misalignment, several fund managers tried to *"step back and consider, regardless of their individual roles, what the collective value creation is at a higher level - whether it is economic value, social value, societal value, or any other types of value they were contributing to society"*. Interestingly, as a factor of culture and socialization, some fund manager expressed that their personal virtues, which they aimed to express in personal life and in their profession, stemmed from their religion (faith). This projection of, in this case, judeo-christian virtues on the operational aspects of an IIC contrasted with statements of fund managers deriving inspiration to their ethical stakeholder management from the secular principles of the UN family. This religious predisposition was not deemed detrimental to the work of the fund manager, as effective collaboration and communication with stakeholders of other cultural or religious influence were deemed not affected. Being virtuous would have another implication to the fund manager, with the *"virtuous detecting virtue in others"*. Hence, awareness of character was deemed important *"in due diligence, pre-investment, and in the long-lasting developing of the investment relations between stakeholders thereafter"*. A personal reflection on the state of society, the capitalistic system, was that the character of individuals, especially of those in such a leadership position in impact investments (as the fund manager), *"would face strong negative forces in society that could drive people away from impact investing"*. There would be *"an aspect of human nature, whether it's greed or the tendency to avoid problems at the expense of others, that contributes to this"*.

5.4.2. Corporate Documents - Ethical Stakeholder Management

With the corporate documents not addressing normative matters to the extent as this was the case in the interviews conducted, the ethical implications of character traits expressed are limited. Yet, the corporate documents were a valuable addition to ethical aspects communicated through IICs to the public and prospective stakeholders, to give an insight into how the individual character of a fund manager (and to an extent their fund) is operating in stakeholder engagement. The analysis showed a limited discussion of the normative implications of vicious activities in stakeholder management and fund operations. Few statements were present on aspects of impact washing or any related moral/epistemic vice. Some examples involved SFDR regulation: *"These new regulations obligate financial market participants with sustainability claims to be more open about their sustainability performance. The increased reporting requirements improve transparency and help reduce risk of greenwashing"* (Brightlands Venture Partners, Impact Report, p. 11, 2023). Yet, corporate documents included expressions of virtuous business practice and aspiration to adhere to work ethics by professionals of good character in stakeholder engagement: *"Employees must always act honestly, impartially, professionally and transparently with third parties and in the best interests of Rockstart and must avoid any situation [and possibly withdraw from decision-making in such a situation] where their personal interests conflict with, or could be perceived by others to conflict with, their obligations towards Rockstart"* (Rockstart Enterprises BV, Code of Conduct, p. 9, 2021). This would be achieved by a business culture fostering virtue: *"We strongly believe that setting the right culture and operating principles internally is paramount to achieving this"* (BGV (BioGeneration Ventures), ESG & Impact Report, p. 30, 2022). This would foster fund managers in their business socialization, and therefore they : *"[...] should be aware of their professional responsibilities and will be responsible for assuring that the relationship does not raise concerns about favoritism, bias, ethics and conflict of interest or make coworkers uncomfortable to the point their performance is affected"* (Rockstart Enterprises BV, Code of Conduct, p. 10, 2021). Personal testimony by fund managers was partially included within the analyzed corporate documents, e.g., concerning the personal socialization (habituation and education) of virtue of a fund manager: *"My parents raised me with values like honesty, integrity, justice, solidarity and equality for all"* (Truvalu BV, Impact Report, p. 40, 2023). This would be conducive to active engagement practices, with the moral obligation to lead, thus influencing *"businesses through active engagement to improve or steer performance towards greater impact [...]"* (Triodos Investment Management BV, Impact Approach, p. 5, 2022).

Similar to the participants interviewed, integrity, trust and epistemic virtues in knowledge management were identified in several documents: *"The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment, [...] the narrative should be stated in clear terms and supported, as much as possible, by evidence"* (Bamboo Capital Partners, Operating Principles for Impact Management, p. 7, 2023). In some cases, these statements were paired with the appeal for active imitation, in the spirit of knowledge sharing: *"We strongly encourage you to reproduce, copy and improve all tools, methods and ideas expressed in this report. We'd find it a waste if everybody re-invents the wheel themselves rather than building on each other's momentum"* (Pymwymic Investment Management BV Impact Report, p. 41, 2023). This was not observed in many instances, as many funds do not share their insights (publicly) as they regard this as a competitive advantage. This quasi-altruism in sharing knowledge is presumably partially induced by self-interest, as funds are aware about the pre-paradigmatic state of the impact investing profession, hence they seek legitimacy for their profession. In the same manner, holistic thinking is a key component in societal awareness, them knowing about their moral obligation and impact: *"Through a holistic approach to sustainability, we strive for transformative impact, working towards a society in which all people can live a prosperous life on a thriving planet"* (Triodos Investment Management BV, Impact Approach, p. 4, 2022). Some IICs expressed their emphasis on character and its education, following the notion that virtue is learned in practice: *"In the spirit of practice what you preach we included impact in our HR processes: both new recruits and existing colleagues are scored against a competency called 'impact mind' alongside more traditional competencies such as teamwork"* (Pymwymic Investment Management BV, Impact Report, p. 8, 2023). Whilst being involved in stakeholder management, the fund manager ought to be mindful and reflective about their capability (*"[...] we've also grown more comfortable leveraging external expertise, enriching our capability to innovate and meet market needs effectively"* (Triple Jump, Impact Report, p. 7, 2023)) and objectivity (*"Employees should avoid conflicts of interest that could compromise their objectivity or loyalty to the firm"* (Una Terra Venture Capital Impact Fund, ESG Strategy, p. 8, 2023)). Since these qualities are relevant in approaching limitations to and uncertainty in knowledge as a resource in

stakeholder management, the corporate documents offer a lot of insights into the epistemic qualities of fund managers. In dealing with investments made, the availability of data determines whether decisions have to be made under uncertainty *"due to the lack of sufficient and adequate data"* (Astanor GP Sàrl, Operating Principles for Impact Management, p. 9, 2023). In contrary, the fund would mitigate *"limitations by engaging diverse stakeholders for input, and conducting analyses to account for uncertainties in data and preferences"* (Gilde Healthcare Partners BV ("GHP"), SFDR Website Disclosure, p. 4, 2023).

Concluding this section with regard to **SQ 5**, the ethical implications of character traits in stakeholder management within impact investing are profound, as fund managers recognize their responsibility to balance financial success with creating positive social and environmental impact. Moral virtues such as empathy, integrity, and humility are essential for effective stakeholder management, as they enable fund managers to navigate complex relationships and mitigate competing institutional logics. Additionally, epistemic virtues like practical wisdom, good judgment, and critical thinking play a crucial role in managing knowledge and making informed decisions under uncertainty, further supporting the long-term success and ethical credibility of impact investments, particularly in high-pressure environments where financial and social goals must be balanced.

5.5. Principles of the Responsible Fund Manager

The final section within the presentation of empirical results presents the insights derived from primary and secondary data sources with regard to answering SQ 7: **'How should ethical best-practice guidelines for effective and responsible fund managers, active in stakeholder management, look like?'**. Thus, the following execution is based on the feedback given and the principles stated within the collected data, considering the theoretical model constructed of the 'virtuous' fund manager in stakeholder management in Chapter 4. Thereby, insights derived related to hands-on activities such as consultation, inclusion, and motivation of stakeholders as part of **relational practice and engagement** with them, as well as personal, internal, and external skill building aspects induced by the fund manager as the exemplar of **virtuous stakeholder management**. Moreover, the effectivity and responsibility of virtuous fund managers extend to societal thinking, fiduciary duties, the education of virtue, and the awareness of such in themselves and others (see Table 5.1). Therefore, certain prerequisites affect **decision-making and epistemic management** in stakeholder interactions, hence posing **normative implications** to the set of propositions made as the institutionalization of this research for practice (see Discussion 6 and Appendix-Chapter F). Again, by separating the presentation of findings by data source, Subsection 5.5.1 and 5.5.2 allow for comparison and contrast of the findings regarding principles of the responsible fund manager.

5.5.1. Interviews - Principles of the Responsible Fund Manager

Contrasting with the prevalence of financial logics analyzed in Section 5.2, several fund managers responded to the question on "how should one balance the two goals of impact investing, satisfying the expectations of your stakeholders (shareholders) and creating positive impact?" that it would pose *"no issue"* to *"fully align"* the dichotomic logics of impact investment. This question was posed to assess to which direction propositions/guidelines should aim at, if the individual fund manager would value one over the other, or whether they are mutually intertwined. The apparent skewness towards financial logics would be not objecting *"positive returns and positive impact"*. In fact, their *"performance fee is very much dependent on the impact results, not only on the financial performance"*. So it would be in the self interest of the fund manager to be efficient in stakeholder management as this links to higher success of their investments hence their own survival (as mentioned in Subsection 5.4.1). This would be *"very important in investments made cross-culturally"*, as *"overcoming barriers and showing qualities"* of being imitable throughout different logic and belief systems is crucial. Many IIFs analyzed in this research (see Appendix-Chapter C) were evidently investing on a global scale.

On the question - "What could constitute a good guiding principle or blueprint to provide a firm foundation of ethical impact investing? And do you follow one yourself?" - some fund managers that were in stronger exposure to social logics stated that the *"UN SDG and other frameworks, guidelines, or principles of the UN family"* were to be followed by fund managers. This view was not shared by the majority of participants, as others saw the responsibilities of good stakeholder management with the fund manager in an *"inside out rather than outside in approach"*, implying that what defines *"good"* management relies on the views of the fund manager, with UN SDG or ESG framework *"merely serving as orientation or inspiration"*, but nothing that would impose a set of principles. Thereby, with the field of impact being pre-paradigmatic and heterogenous of nature, some fund managers highlighted as a reply to the aforementioned question, that even though there might not be standards regarding ethical impact investing, there is indeed an obligation to *"gather knowledge, interact, create experiences of what is 'good' in impact investments and making those experiences more accessible to other fund managers"*, as shared experiences could induce a more comprehensive set of principles than vague adaptions of UN principles. One participant envisioned *"a global ethical benchmark specifically for impact investment funds"* on which they could measure their own ethical practice. These guiding principles would be *"dearly needed"*, some respondents said, as *"the impact community would miss some examples of proper financial performance"* and *"stakeholder management is key, as it leads to better synergies and hence financial outcomes"*. A good fund manager would be *"capable of achieving both significant impact and strong financial performance"*, as *"this approach can attract investors who aren't specifically seeking impact but view it as an added bonus"*. Moreover, others stated, *"fund managers have to be of example to the SEs and their founders"*, *"making their principles the one's the founders orientate on"*. This relates to statements made in Section 5.2 that mentoring and stewardship, teaching necessary virtues of impact investing, were needed to mitigate the logics of stakeholders as the founders tend to shift to detrimental (vicious) business practices, *"aiming to let them prove themselves, taking more time and be humble about the success of their SE"*. With the leadership position, the profession of the fund manager would demand *"to know what capacities to bring into stakeholder management"*, and would urge the fund manager *"to make stakeholders susceptible to one's input (advice, knowledge, etc.)"*, thus *"actively building the relationship to make impact investments work"*. This would be facilitated by *"being supportive rather than directive"*, which constituted a call for *"flatter hierarchies and more human-centric engagement"*.

One statement made by a fund manager stood out, as it summarized what some principles ought to be aimed at: *"Collaboration with stakeholders is always very value driven, being self-aware and clear in communication and collaboration is key. The level of vision and passion within the fund must be right, the same in value-alignment with the SEs. Sharing the dreams, values and ideas of the fund with the companies into which was invested is a must-have. Being clear and honest in communications with the shareholders, as risks are high, and many things are at stake. Being inclusive is a required trait in value [logic] and goal alignment. Tolerance is key between the stakeholders"*. Relevant in this regard were statements that *"even with principles, with perfect virtues, etc."*, it wouldn't work that *"stakeholders are 100% aligned in everything"*. Rather, principles should be aimed to achieve a *"healthy optimum"*. Moreover, best-practice guidelines were to be stage dependent, because *"early stage investments are very people oriented"*. Hence, the application of virtues that relate to *"social interaction, collaboration, and communication matter a lot"*. *"Education of good character"* would be important, with *"what is deemed right or wrong is best shown by example in practice"*. Forwarded, this would include *"open and honest commitment to amending own wrongdoings and compensating knowledge-gaps to the best possible"*. In the end, the fund managers most often emphasized their team, that besides their own qualities and any propositions, *"they would need the right people to be able to act on the things they do"*.

5.5.2. Corporate Documents - Principles of the Responsible Fund Manager

Whether there were any relevant corporate and social policies, principles or best-practice guidelines and what they would entail has been thoroughly analyzed. The assessment of corporate resources presented limited examples of stakeholder management practices recommendations, with the OPIM being one of the few exemptions that partially address stakeholder management. From these principles, Number 6: "Monitor the Progress of Each Investment in Achieving Impact Against Expectations and Respond Appropriately" ((Incofin (Investment Management NV), Operating Principles for Impact Management, p. 15, 2022)) was most aligning with stakeholder management practices, albeit it only included to

adjust stakeholder management strategies or approaches as needed to ensure that the intended impact is achieved. Beyond this, the SFDR focusing on transparency in financial disclosure, the Corporate Sustainability Reporting Directive (CSRD), or ESG framework do not provide much relevant principles of ethical stakeholder management. In the end, the corporate documents constituted a testimony of the aforementioned *"inside out rather than outside in approach"* (see Subsection 5.5.1), emphasizing the importance of both the set of propositions made (see Appendix-Chapter F), and the quality of the individual fund manager active in stakeholder management.

Concluding this section with regard to **SQ 7**, ethical best-practice guidelines for responsible fund managers in stakeholder management should emphasize aligning financial and social goals by fostering open communication, collaboration, and value-driven relationships with stakeholders. These guidelines should also stress the importance of fund managers embodying virtues like honesty, empathy, and self-awareness, while being adaptable to different stages of investments and cultural contexts to effectively manage both impact and financial performance.

5.6. Summary of Results II - Prelude to Discussion

In summary, this chapter, serving as the second part of the results section, explores the empirical findings derived from both primary and secondary data sources, integrating interviews and corporate documents to substantiate the theoretical model of virtuous stakeholder management proposed in the preceding Chapter 4. This section is pivotal in answering the overarching research question: **'How can fund managers of impact investing funds manage their relationships with internal and external stakeholders - who partake in investments into social enterprises - in an ethically sound manner?'**

This chapter is deliberately structured into two major parts. Initially, the Section 5.1 serves as an essential primer, delving into the intricate process of qualitative data analysis, which includes the development of a comprehensive research codebook and the conceptual abstraction that emerged from an abductive approach. This segment is foundational in nature, providing a nuanced understanding of how the subsequent thematic findings were derived. The derived categories and dimensions set the stage for the examination of the empirical data that follows. Subsequent sections present the thematic results, which are organized around the five sub-questions (SQs) that are crucial for validating the theoretical model of stakeholder management.

Therefore, the findings first address the complex network of collaborations, missions, and values at the inter-organizational level, shedding light on the pluralistic nature of institutional logics that fund managers must adeptly navigate (Section 5.2). The analysis reveals the balance required to harmonize these often competing logics, particularly between financial imperatives and social missions, which are central to the ethos of impact investing. Further, the chapter delves into the character traits of fund managers as perceived by themselves, their stakeholders, and partners (Section 5.3). It captures, among others, the moral virtues of integrity, empathy, and leadership, which are indispensable for ethical stakeholder management. These virtues are not merely abstract ideals but are shown to have profound implications for practical decision-making, communication, and the cultivation of trust among stakeholders. The empirical evidence underscores how these traits, when embodied by fund managers, can significantly enhance the ethical caliber of stakeholder interactions, fostering more robust and sustainable relationships. Moreover, epistemic virtues such as practical wisdom, good sense, or critical thinking aid in knowledge management, which was found to be of high importance to the operational success of an IIF, thus in causality to financial returns and socioeconomic impact. Thereafter, the chapter investigates the ethical implications of these character traits, elucidating how moral and epistemic virtues alike directly influence the efficacy of stakeholder management (Section 5.4). It examines how these virtues contribute to achieving alignment between diverse stakeholder interests, mitigating risks, and navigating the inherent uncertainties of impact investing. The section also highlights the potential pitfalls when these virtues are absent, illustrating the detrimental effects of vice, such as dishonesty or negligence (e.g., in the form of impact washing), on both the financial outcomes and the social impact of investments. Lastly, the analysis of potentially pre-existing best-practice guidelines among interviewed

business professionals and corporate documents reveals their limited existence. Rather, principles exist *"in-house"* (within an IIC), and are expressed *"inside-out"*, albeit most often not specifically addressing issues of ethical stakeholder management and 'good' practice.

In conclusion, this chapter lays a robust foundation for the ensuing discussion by not only validating the proposed theoretical model but also by providing a richly detailed account of the ethical principles that should underpin the practice of stakeholder management in impact investing. The findings resonate with the importance of nurturing virtuous character traits within fund managers, assuming that such traits are essential for successfully balancing the often competing demands of financial returns and social impact. This comprehensive empirical analysis, together with the theoretical model designed (Chapter 4) and premises derived (Appendix-Chapter A), sets the stage for the subsequent discussion and conclusion chapters, where these insights will be further elaborated and contextualized.

6

Discussion

In this chapter, the empirical findings of Chapter 5 are discussed and compared against the theoretical model designed in Chapter 4, which itself is based on the comprehensive literature of this research in Chapter 3. Section 6.1 follows the sequence of SQs to the main research question: **'How can fund managers of impact investing funds manage their relationship with internal and external stakeholders - which partake in made investments into social enterprises - in an ethical sound manner?'**, and constitutes the discussion of the findings. Thereafter, Section 6.2 addresses the limitations of this research (its methodology, data sources, results, etc.), and consequently, Section 6.3 presents a future research outlook based on limitations and findings of this research.

6.1. Analysis and Interpretation of the Findings

The main **purpose of this study** has been to investigate ethical stakeholder management of fund mangers in dealing with their internal and external stakeholders within the impact investing ecosystem of the Benelux. Thus, the research objective of this thesis is to explore and conceptualize an ethical framework around the pivotal entity of the fund managers as the central **problem owner** of this study. Due to the "lack of knowledge in the field [of impact investing] coupled with the lack of knowledge production of [the] field" (Agrawal and Hockerts, 2019b, p. 1), investigating stakeholder management as the central post-investment obligation of the fund manager contributes to practice and academia as the profession transgress from "pre-paradigm stage to paradigm stage" (Agrawal and Hockerts, 2019b, p. 17). For this purpose, the research on the 'under-studied' impact investing ecosystem of the Benelux (see Section 3.5), the application of the three theories of **stakeholder, institutional, and virtue theory** on a set of empirical data derived from primary (semi-structure interviews with fund managers) and secondary (corporate documents derived from incumbent IICs and their IIFs) data sources led to a range of valuable findings, which are presented in the following.

6.1.1. Introduction to the Discussion

The initial effort designing a **theoretical model of ethical stakeholder management** was based on a detailed examination of the impact investing ecosystem in the Benelux, incorporating insights from both contemporary and historical research, as well as ethical discussions derived from major luminaries in normative ethics. This led to the creation of a model describing the ecosystem, its moral and epistemic components and their exchange between stakeholders, revolving around 'virtuous' fund managers whose 'ideal being' and their admiration build on the notion of the 'exemplar' (Chapter 4). The consequential analysis (validation) of the model in Chapter 5 identified the **critical role of fund managers** within the impact investing ecosystem, emphasizing how their personal backgrounds (financial or social) influence their approaches to stakeholder management and investment decisions. The stakeholders of fund managers were heterogenous, whilst dynamically changing along the duration of an investment made from entry to exit. With these diverse stakeholders came a pluralistic set of financial and social logics. It was evident that the **balancing of competing dichotomic logics** poses significant challenges for fund managers, with the study highlighting the necessity for fund managers to mitigate conflicts between these logics to achieve both satisfactory financial returns and

positive social impacts. The relative dominance of financial logics aligned with the expressed *"finance first, impact second"* notion by fund managers interviewed, since *"solid returns sustain the business, thus generating positive social and environmental impact in consequence"*. To achieve satisfactory returns for investors, who are at the top of the impact investing hierarchy, the fund manager had to excel in effective and ethical stakeholder management, based on principles of **trust and communication**. Trust-based communication and active engagement between stakeholders were identified as essential for maintaining ethical relationships and managing conflicts effectively. Empirical evidence proved that integrating insights from stakeholder and institutional theories into a virtue theoretical narrative (aligning ethics and epistemology) provided a **robust framework** for managing the complex landscape of relationships in impact investing, balancing competing interests to achieve both financial and social goals. With this, the study introduced **neo-Aristotelian virtue theory** as being fundamental for guiding fund managers in ethical decision-making. Moral and epistemic virtues such as practical wisdom, courage, and integrity were highlighted as critical to stakeholder management, since an evident lack of **comprehensive best-practice guidelines** or similar principles required the individual fund manager to think and act virtuously to achieve positive results in impact investing. To generalize and institutionalize the findings beyond singular cases, and to create a **set of propositions** (see Appendix-Chapter F), the **concept of exemplarism** was introduced, encouraging fund managers to adopt virtuous traits by emulating role models. This approach was suggested to foster a culture of ethical behavior within the impact investing community. The **'ideal' fund manager**, the research concluded, is the vision of a manager as one who continuously strives for self-improvement, education, and the habituation of both moral and epistemic virtues, forming the foundation for ethical and effective stakeholder management. In the following elaboration, the focus will be on 'depth over breadth', highlighting major findings since the amount of results and the size of the theoretical model does not allow for an in-depth discussion of all findings of Chapter 4 and Chapter 5.

6.1.2. Descriptive Findings - Discussion

This subsection includes the discussion of descriptive findings from the theoretical model and the empirical data, and compares them against academic research. Contextual aspects, challenges, and surprising results are addressed thoroughly.

Characteristics of the Impact Investing Ecosystem (SQ 1)

The first SQ of the research investigated the **characteristics of internal and external stakeholders which take part in the impact investing ecosystem of the Benelux**. The empirical findings aligned with the theory that the Benelux consist of a **complex network of stakeholders**, with the fund manager in the **position of the central node** in impact investing, channelling capital and knowledge transfers (Maak and Pless, 2006). The fund managers are part of a network of pluralistic stakeholders, with ecosystem partners as facilitator to the pre-paradigmatic state of impact investing (Roundy, 2020). It is an important aspect of the research objective to understand the macro-level situation of the fund managers, which were assumed to operate on a personal level between representatives of stakeholders. As representatives of different organizations, their inherent logics were assumed to vary, which was confirmed by later SQs and aligns with the literature (Agrawal and Hockerts, 2019a; Casasnovas and Jones, 2022; Roor and Maas, 2024).

Considering the **regulatory bodies of the Beneluxian ecosystem** (which were found to be nearly identical with the supranational financial regulations of the EU), limited impact of any regulatory and normative framework was evident as none were explicitly directed at stakeholder management post-investment. This was a surprising revelation, as due diligence constitutes an important part of the pre-investment phase (see Schlütter et al. (2023)), thus it was hypothesized that regulation and guidance in stakeholder management post-investment would be common thing. Albeit, this circumstance emphasized the importance of this study and its novelty in investigating ethical stakeholder management and in providing a set of propositions for practice (see Appendix-Chapter F).

The **investors of IICs** were found be of varying organizational structure, with the majority being distinguishable between 'principled' investors - institutional investors which invest other peoples money, hence their due diligence is comprehensive and time consuming; and 'opportunistic' investors - informal investors or family offices which were to be faster in their investment decisions. In detail, individual, institutional, and public investors were regarded as the main stakeholders of most IICs investigated, with them emitting capital as the most important resource in impact investments (Casasnovas and Jones, 2022; Gutterman, 2020; Littlefield, 2011; Trelstad, 2016; Yaşar, 2021). Contrary, contemporary literature postulated that SEs and their beneficiaries (on a higher level abstracted to society itself) were to be seen as equally important as investors, because they would evidently create the impact itself. The results showed that the narrative is branded by the fund managers' awareness for capital attraction and the satisfaction of shareholder demands. This was not a surprising finding, as the profession of impact investing developed from the financial sector (Agrawal and Hockerts, 2019b), hence the imperative of goals and missions originated from financial logics inherent to the sector. Yet, the extent of hierarchy and power skewing towards the LPs, discussed with SQ 2 and SQ 3, exceeds the literature and the expectations of the researcher. On the receiving end, **the investees**, here focused on **SEs** as a distinct subset of SOOs are hybrid organizations, which, following Battiliana et al. (2012), expressed their intent to create both financial returns and positive socioeconomic and environmental impact. Evidence showed that SEs are indeed the main receivers of leadership, mentorship, and stewardship practices by the postulated virtuous fund manager. A limit to this research is the lack of external validation of stakeholder management from the perspective of the SEs, which would add to the understanding of the effectivity and perception of the fund manager's practice. Nevertheless, the demands and expectations of them were clearly evident in the empirical data, which highlighted the dynamic development of the impact investing ecosystem, as *"SEs have changing demands with the duration of the investment"*, and *"investors hence fund managers have different expectations"*. Lastly, the center of impact investments, situated at the pivot of resource streams, are **the fund managers** as key members of an IIC. They supervise stakeholder management of one or more IIFs and rely on their internal stakeholders, which comprise peers, colleagues (their employees and their superiors in bigger IICs), as well as the members of other teams within their corporate structure (legal, finance, operations, compliance, etc.). The fund managers as the focal moral and epistemic agents (problem owner) and their **professional and cultural background** dominate stakeholder management practices in impact investments (Glänzel and Scheuerle, 2016). Evidence derived as a byproduct of answering later SQs confirmed the structure and nature of the complex ecosystem of diverse stakeholders.

Network of collaboration, missions, and values (SQ 2)

Answering the second SQ of the research, concerning the **network of collaborations, missions, and values structured at the inter-organizational level**, revealed that fund managers are exposed to and have to **mitigate potentially opposing logics**, norms, values, and beliefs of their stakeholders and their own, which is supported by literature (Agrawal and Hockerts, 2019a; Casasnovas and Jones, 2022) and empirical evidence. The results suggest that most often alignment and hence effective mitigation is possible, although realistically by favoring one of the two prevalent logics spheres, **financial or social logics**. This was a surprising finding, as the literature postulated at least equity between the two logics, as fund manager are themselves part of hybrid organizations (Gautier et al., 2023; Glänzel and Scheuerle, 2016). Yet, apparently the 'balancing' of logics as described by the literature underlying the theoretical model appeared to be done differently in practice, which, as evidence has shown, is due to the IICs and investees being under **immense pressure** by the general market dynamics of sustainable finance products *"as early stage investments bare high risks"*. Adding to imposed pressures is the view that the main client of the fund managers were found to be the investors (LPs) of their IIFs, with the fund manager at the **pivotal position** to navigate between dichotomic financial and social logics of diverse stakeholders, aiming to achieve high returns, as *"the better the business does, the more positive impact it can create"* (LUMO Labs BV, Impact Report, p. 22, 2023). A big factor was the narrative in the financial sector that, "unless financial advantage can be demonstrated, pollution or social inequities or economic injustices will be ignored, especially in the absence of effective government regulation and stakeholder pressure" (Richardson and Cragg, 2010, p. 6). Therefore, collaboration, mission, and value alignment revolve around achieving the best possible outcome in financial returns. Then only, impact

for stakeholders and themselves is strived for (*"finance would come first, impact second"*). This view was shared by most fund managers interviewed and is supported by the analysis of corporate documents.

The hypotheses made to SQ 2, deducted form the literature (e.g., Battiliana et al. (2012) and Glänzel and Scheuerle (2016)), that the qualities of fund managers in character (or virtues and the absence thereof), culture, and expertise of stakeholder management matter has proven to be the case. This is because there **are no general principles, rules, or frameworks on ethical and effective stakeholder management** evident to the best of knowledge of the researcher (see discussion of SQ 1). As such, the work of Agrawal and Hockerts (2019a) support the empirical findings that **active collaboration** between and the inclusion of stakeholders within the impact investment community are conducive for value creation, effective balance of logics, and ethical practice. Moreover, the fund manager has to **adapt to a changing ecosystem** (stakeholders, values, logics, etc.) dynamically over time and be able to fullfil their manifold roles in the eyes of their community (Audi, 2012; Holtslag et al., 2021) as *"an investment relationship would change dynamically"* according to professionals. To some extent, this is due to an interesting finding with major consequences of the implications for this research (see SQ 4 and SQ 5 below) and future studies (see Subsection 6.3): **Funds are less autonomous than anticipated**, their ecosystem (especially peers) co-determine the work of a fund manager (a circumstance which has been analyzed for the Netherlands by Aisenberg et al. (2019)). Thus, they have to subdue themselves to imposed logics, which are being discussed in the following part. Furthermore, this had implications on the perception and necessity of (epistemic) independence (see Section 5.3) as a quality of the fund manager. Overall, as aforementioned, power and hierarchy are stronger than assumed, with the fund manager often **forwarding the expectations on returns and impacts** to their investees, which themselves are most often *"desperate for capital"*. Nevertheless, the fund managers dedicate a lot of effort, and resources (such as knowledge, time, capital, and personell), into their investees by leveraging their network and community of impact impact investors of their respective ecosystem (here Benelux). This **leadership position** aligns with the premises made and their underlying literature (see Chapter 4 and Bouilloud et al. (2019), Fontrodona et al. (2013), Glänzel and Scheuerle (2016), Migliavacca et al. (2022), and Schlütter et al. (2023)). This constitutes a relevant answer to the SQ posed, as with leadership, mitigation practices of institutional logics inherent to external and internal stakeholders have high value to this research and practice itself. With **impact investments spanning cross-cultural spheres**, as financial products and services are part of an interconnected globalized world, the geographical reach of collaboration proved to have manifold implications on cross-cultural relations. A drawback to the premises made, and the literature reviewed, is that these aspects have not been included sufficiently into the designed model of ethical stakeholder management. Fortunately, the incorporation of **virtue theory aided** in deriving propositions that exceed the theoretical model and are built on the comprehensive set of findings to address **cross-cultural collaboration**.

Competing Institutional logics and their Mitigation (SQ 3)

The third SQ of the research explores **competing institutional logics fund managers have to mitigate between themselves and their stakeholders**. The findings specified what logics stakeholders do follow, but also found key tools in addressing them whilst analyzing the empirical data. Thus, both the literature (Hockerts and Moir, 2004; Roor and Maas, 2024) and the empirical results highlight **active communication and engagement as key strategies of fund managers** to navigate their complex ecosystem, with the imperative to develop good qualities in doing so **ethically and effectively** (moral mandate (see Richardson and Cragg (2010), de Bruin (2014), and Baird and Calvard (2019): Fund managers were "at least partially responsible for their traits and resulting actions" (p. 2))). Here, the evidence supports the literature that virtues enable the fund manager to effectively mitigate moral conflicts, facilitate decision-making under pressure and uncertainty, and allow for ethical treatment of stakeholders (Holtslag et al., 2021). Ethical stakeholder management requires fund managers with highly-developed soft-skills, able to apply them virtuously to mitigate logics (see Agrawal and Hockerts (2019a)). A drawback here is that empirical evidence could not sufficiently depict the vast range of social and financial logics inherent to external stakeholders of fund managers, as the focal perspective on the fund manager as the problem owner did not allow for investigating external stakeholders to validate the literature on their institutional logics (Agrawal and Hockerts, 2019a; Casasnovas and Jones,

2022; Glänzel and Scheuerle, 2016; Roor and Maas, 2024), which could constitute a future research opportunity. However, this focus on the subjective perspective of fund mangers allowed for a detailed **validation of the importance of knowledge and capital streams**, which are coordinated, processed and amplified by the fund manager between stakeholders. This premise was not only supported by the empirical findings, but expanded by statements made by fund managers that *"'time' and 'people'"* were to be seen as equally important, which would complement Figure 3.1 in Subsection 3.1.2 as "it's not institutions negotiating with institutions, but people with people" (Glänzel and Scheuerle, 2016, p. 1656). Furthermore, it would change the narrative of ethical stakeholder management, even more emphasizing the normative character of investments as fund managers *"wouldn't invest in a company, but invest into a team"* over the long run.

The most important result of the efforts made to answer SQ 3 is a profound understanding what **moral and epistemic goods** are part of mitigating competing institutional logics, aligning the interests of fund managers with those of their stakeholders. As such is an environment of **trust, openness, and truth** the key baseline of interaction and communication, which was postulated by the literature of the theoretical model (Solomon, 2004). Surprisingly, several fund managers recalled that logics were usually communicated implicitly, and *"not openly stated between stakeholders"*. After the initial investment, the nature of logics inherent to stakeholders in made investments were to be *"found out along the way"*, something the abundant literature study has not revealed. A possible explanation, which was later confirmed by the interviewees, are opinions by fund managers that efforts made in due-diligence processes (e.g., contractual aspects) pre-investment would prevent logic misalignment post-investment. Even though literature supports "a focus on financial-first investments; the importance of using established due-diligence processes; the opportunity to align mission and values [to avoid mission drift (Chiappini et al., 2023; Holtslag et al., 2021)]; and, the value of networks and collaboration" (Ormiston et al., 2015, p. 352) pre-investment, this narrative neglects the occurrence of any logic dissonances during the many years spend as close partners with the maturation of the SEs. In fact, this lack of foresightedness, which was aggravated by fund managers evidently having **limited tools and resources** available to address conflicts and emerging issues, can lead to the failure of made investments. This has not been documented by the literature to the best of knowledge to the researcher, but could be a singular view by some of the participants that can not be further validated as having a limited empirical base, which is one of the limitations to this research. Lastly, the conclusion of the theoretical model that **transparency, objectivity, and active engagement** would be antidotal to unethical or detrimental practice in the field of impact investing (Bouilloud et al., 2019; Casasnovas and Jones, 2022) (such as impact washing as the consequence of extreme skewness in favor financial logics) was supported by evidence (*"[Being] generous in impact investments were antidotal to the greed of some of their peers."* and *"If you can't demonstrate concrete results on the required indicators outlined by this disclosure regulation, you can't genuinely claim to be pursuing a sustainable investment strategy."*), albeit follow-up research should investigate the effects of such antidotal practice longitudinally.

That ethical practice is **not only antidotal** to vicious and fraudulent practice, but also conducive to positive financial results was indicated by the qualitative empirical data analyzed. Indeed, the relative dominance of financial logics observed aligned with the expressed *"finance first, impact second"* notion by fund managers interviewed. As such the majority of fund managers interviewed depicted the causality to be that *"solid returns sustain the business, thus generating positive social and environmental impact in consequence"*. Contrary, recent literature on Corporate Social Responsibility (CSR), which refers to the practice where businesses voluntarily integrate social and environmental concerns into their operations and interactions with stakeholders, "suggest that the involvement in socially responsible initiatives has a significantly positive effect on financial performance" (Giannarakis et al., 2016, p. 171). CSR goes beyond profit-making, focusing on the impact a company has on society, the environment, and the economy, which is comparable to impact investing in its foundational ideas. Derived from the literature on CSR, one can argue that due to similarities with impact investments, ethical practice in stakeholder management (including the consideration of social logics) might "not have much positive impact on short-term financial performance, [but] it [would] offer a remarkable long-term fiscal advantage" (Lin et al., 2009, p. 56) to IIFs.

6.1.3. Normative Findings - Discussion

This subsection includes the discussion of normative findings from the theoretical model and the empirical data, and compares them against academic research. Contextual aspects, challenges, and surprising results are addressed thoroughly.

Virtues of the ethical Fund Manager (SQ 4)

By answering the fourth SQ of the research on **what are competing institutional logics fund managers have to mitigate between themselves and their stakeholders**, the most significant contribution to academia and practice has been made. This includes synthesizing research results to identify and model the most important virtues necessary for fund managers to excel in ethical stakeholder management. Building on the premises that virtue theory is a suitable framework for the conceptualization of a normative framework of moral and epistemic character of individual fund mangers in impact investing, (moral and epistemic) virtues deemed relevant were extracted from the literature (see Appendix-Subsection D.1.1) and validated by the empirical data (see Section 5.3). With the perspective on the fund manager at the center of neo-Aristotelian virtue theory (see Gotsis and Grimani (2015) and Wijnberg (2000)), whose virtuous character is pivotal to ethical and effective impact investing, the research extrapolated a tailored ranking system of character. This classification, which is exemplified in Figure 6.1, is the product of the narrative of the theoretical model aligned with the empirical insights by business professionals (real-world importance) and corporate documents (increase generalizability). At this point, the research shifts to the subjectivism of the researcher, hence, the following findings require further validation on a broader empirical base, even if the researcher tried to be as objective as possible in categorizing and classifying the pool of virtues derived from academic research. Whilst the literature to this research generally not classifies virtues in any form, rather state some few in detail and explain their ethical implications for business on a theoretical level (see Literature in Appendix-Section D.1), the practical intent of the research as well as the focus on managerial practice (with the research being part of a thesis in Management) led to the classification proposed in the following. With the artificial line drawn between moral and epistemic virtues (due to the importance of epistemic goods in business and the morality of normative aspects of the human component inherent to stakeholder relations), the research separates virtues into 'SuVs', 'CoVs', and 'BaVs' (see Appendix-Section D.4).

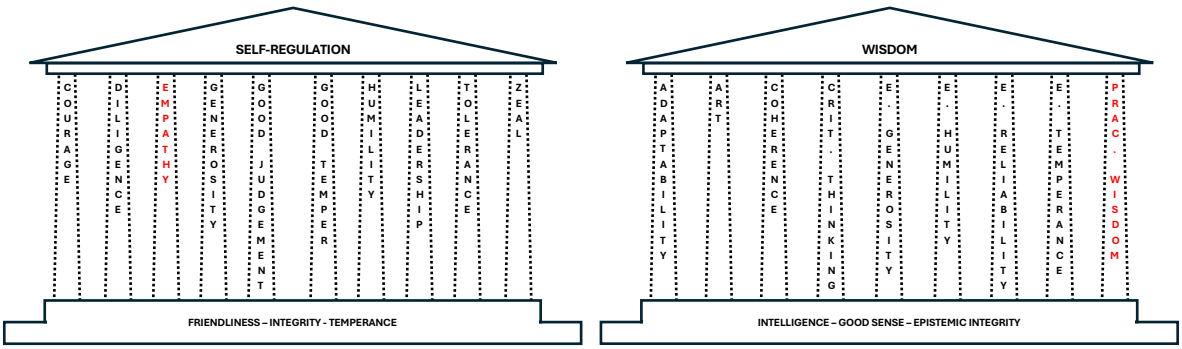

Figure 6.1: These figures exemplify the postulated hierarchy of virtues of stakeholder management in impact investing (see also Appendix-Chapter D).

Self-regulation as the moral SuV expresses the aggregated quality in motivation and effort of the fund manager as the moral agent to balance emotions, desires, and actions in alignment with long-term goals in ethical stakeholder management. It encompasses the control of impulses, self-discipline, and the ability to act in accordance with one's values and aspirations. The term is more holistic than the moral BaVs of temperance and self-control because it involves a constant, deliberate effort to align one's behavior with one's values or external expectations in alignment with long-term goals (Baumeister and Heatherton, 1996; Baumeister and Juola Exline, 1999). In theory, one could argue that self-regulation constitutes a modern neo-Aristotelian interpretation of the Aristotelian virtue of

'magnanimity', balancing internal motivations and external actions parallels Aristotle's idea of living virtuously by achieving harmony between desires and noble aspirations (Aristotle, 2019, Book IV). Choosing self-regulation as the SuV of moral virtues in stakeholder management in impact investing adds versatility to future research aspirations and further generalizability of the outcomes of this research, as the character trait is widely studied in other fields of research with focus on ethical and effective leadership, management, and ethics. As such there is contemporary work on moral psychology and behavioral ethics (Joosten et al., 2014), motivation in altruism (Sachdeva et al., 2009), and 'virtues as skills of sophisticated self-regulation' (Stichter, 2021). Furthermore, the concept of self-regulation acts as a useful connector to other normative virtue theoretical frameworks for management studies more prevalent in non-western impact investing ecosystems - supported by studies by Chu and Vu (2022), Wang and Hackett (2016), and Woods and Lamond (2011) on the Confucian notion of self-regulation - thus addressing the limitations of the **reliance on neo-Aristotelian virtue theory** stated in Section 6.3.1. Lastly, self-regulation is an important concept (here non-virtue related) due to the lack of regulatory principles (see discussion to SQ 7) imposed by the ecosystem of the Benelux on post-investment stakeholder management. Self-regulation as an expression of autonomy is therefore studied by Juddoo et al. (2023) and Schmidt (2023) and in the context of societal and contractual duties by Pellegrino (1989).

For epistemic virtues, **wisdom** as the epistemic SuV expresses the aggregated quality of the fund manager as the epistemic agent to be virtuous in knowledge management, deliberation and the application of epistemic goods. Since no empirical evidence was found on wisdom, its relevance is derived from the literature (Aristotle, 2019; Bragues, 2006; Mintz, 1996) and derived from the existence of other classical Aristotelian virtues. CoVs constitute character traits that the virtuous fund manager ought to possess for them to to excel in their profession, which can be habituated in practice (Arjoon, 2000; Gotsis and Grimani, 2015) or being educated following the responsibilist branch of virtue epistemology applied in this research (Battaly, 2008; de Bruin, 2013). As deducted from the literature, empathy (Agrawal and Hockerts, 2019a; de Bruin, 2013; Glänzel and Scheuerle, 2016) and practical wisdom (Bragues, 2006; Koehn, 2016; Wijnberg, 2000) were well represented in the empirical data as important qualities required in stakeholder engagement for inter-personal engagement and decision-making respectively. With good temper not being empirical validated, its importance in stakeholder engagement could only be theoretically validated (Aristotle, 2019; Chun, 2005). Nevertheless, unlike independence, which relevance in impact investing was falsified due to the high levels of inter-connectivity and co-dependencies of fund managers in resource and value streams, good temper could be part of stakeholder management research in future studies. Aligning with the comprehensive literature on virtues in business, a set of moral and epistemic BaVs were derived from the virtue rhetorical analysis conducted which prospects to the field of impact investing should bring as initial qualities. Integrity and epistemic integrity are key as they include honesty, truthfulness, trustfulness, etc., which are demonstrably one of the most principle virtues to stakeholder management. Friendliness, temperance, and good sense constitute a peculiarity of this research, which could be part of future research, as they assume to be innate (which poses a violation to the general narrative of this thesis that virtue is acquirable - see D.3). To defend the researcher at this point, some virtues were 'sticky', as no solid empirical evidence were found, but their existence was obviously communicated in the sentiment of interviewees and the corporate documents. Hence, they ought to be seen with pre-cautious and must be validated in further research.

That no discussions on vice were made beyond aspects of greed vs. generosity and holistic evaluations of virtue as the general antidote of vicious practice (see Chiappini et al. (2023), Islam (2022), Mintz (1996), and Roor and Maas (2024) on impact washing, mission drift, and skewness; and Gutterman (2020) on the 'philanthropic paradox') is a limiting factor of this research. Albeit, this has a good reason since a more positivistic analysis was conducted: With the rarity of virtue claimed by Aristotle (Aristotle (2019), Book VII), the idea of the exemplar is oriented around an ideal virtuous being, on whom others should identify and relate admirable and imitable character traits. For this purpose, in creating propositions as the institutionalization of this research, the perceived **delta** between the 'homo virtuosos' and a real word practitioner in virtue matters. Vice is indefinite and nuanced in many ways, with excesses and deficiencies being manifold (Aristotle (2019), Book II). Hence, it is more practical to guide rather than correct virtuous character by designing guidelines to achieve a more virtuous state. Therefore, the main focus was on a detailed elaboration of virtues, rather than addressing vice on a broader base.

Virtue-based Stakeholder Management (SQ 5)

The fifth SQ of the research on **what are the ethical implications of such character traits in stakeholder management of impact investing** explored the implications of neo-Aristotelian virtue ethics and epistemology as the core elements of a model of the ideal fund manager in stakeholder management. The research anticipated the impact of virtues and vice to be pivotal to the success of stakeholder management, as this study sought to link the Aristotelian search for the good life (*eudaimonia*) with the goal of aligning dichotomous logics and principles from financial and social sectors for positive impact (Grant, 2011). Both evidence and literature (Islam, 2022) support the idea that neo-Aristotelian virtue theory and impact investing share a normative component, imposing ethical responsibilities on fund managers. Virtue was proven to be part of business practice, because it was *"the responsibility of fund manager to be good [effective] in stakeholder management to assure financial success"*. Surprisingly, fund managers were profoundly aware of the consequences of their (vicious) actions and failure (Quote: *"Else they would be out of business for their next fund"*), since the survival of the impact investments made were dependent (Casasnovas and Jones, 2022; Roor and Maas, 2024; Zachary et al., 2023). Under the high risk environment that is inherent to impact investing in the Benelux, honest communication, frequent engagement, authenticity, respect, trust, competence, accountability, and equity are proven to be most important, which is a pattern that permeates theory and empirical data alike. All these moral and epistemic concepts were found to be expressed in moral virtues (integrity, courage, diligence, etc.) and epistemic virtues (adaptability, art, coherence, etc.), supported by the literature (see Appendix-Section D.1).

The implications of epistemic virtues to ease and mitigate resource constraints (mainly knowledge and time), validate the significance to separate epistemic and moral virtues as the broad applicability of virtues in business practice requires higher granularity than a mere philosophical study of simplified neo-Aristotelian virtue ethics would entail. As assumed by the researcher, the disclosure or admittance of vice, misbehavior, or more specifically impact washing as the most detrimental practice threatening the legitimacy of the field was scarce, close to nill. Statements by professionals confirmed their existence (Quote: Some *"succumbed to false disclosure and greed in order to profit from the trend"*, vicious practice, *"unfortunately happened among their kind"*), but no specific cases nor the extent to which vicious behavior led to fraud and false disclosure were found. Since literature on detailed cases of impact washing are scarce (some (few) do exist in contemporary literature, see Findlay and Moran (2019)), future research could focus on the absence of moral and epistemic goods in stakeholder management. With the narrative that impact investing is in trend, the virtue of generosity was found to be over-used and bloated in corporate documents, which constitute most often the first contact of impact investments to prospective stakeholders on both the emitting and receiving end of capital. A possible explanation made is that the funds try to attract and market their financial products to potential investors. Following the same intent, (epistemic) integrity assures confidence and trust (de Bruin, 2021), hence it was accentuated over-proportionately by both corporate documents and professionals, which is less due to attraction and marketing, but rather reflects the responsibilities that come with investing the money of others.

To come back to the personal awareness of fund managers on the consequences of their thinking and acting, this research confirms that these qualities are a result of socialization, (corporate) culture, and education (Glänzel and Scheuerle, 2016). Holistic thinking, the possession of *"dignity in power"* (with the fund managers situated in hierarchal investment structures), and their "ethical imperative to empower" (Casasnovas and Jones, 2022, p. 963) others were arguably the most important ethical implications of virtuous character traits in stakeholder management of impact investing.

A Framework of the 'good' Fund Manager (SQ 6)

The sixth SQ of the research on **how a 'good' fund manager is supposed to think and act according to the philosophical framework of virtue theory (complemented with stakeholder and institutional theory)** led to the design of the virtuous exemplar that constitutes the ideal theoretical fund manager. It is evident that this normative sub-question is an incision among the other sub-questions that aim to be answered by triangulation of the theoretical model with empirical data. But SQ 6 is a necessary

philosophical exploration that aids in the conversion of a normative narrative revolving around virtues that fund managers (agents) possess into practical guidelines as the institutionalization of this research. This was possible as literature stated that "because impact investing has a social component, there are normative assumptions that the field is being designed under normative considerations" (Islam, 2022, p. 965).

The literature on impact investing indicates the complexity of the ecosystem of stakeholders, logics, values, norms, and beliefs prevalent to exist around the fund managers. Aggravating in this stakeholder and logic pluralism is that IICs and SEs are hybrid organizations, characterized by a blended value and logics approach in their business model (Roundy, 2020). To structure this, **institutional and stakeholder theory** are helping to sort and explain the network that was revealed by the previous sub-questions. First, institutional logics offer a framework to mitigate financial and social logics in order to reduce frictions between stakeholders (following Gautier et al. (2023), Glänzel and Scheuerle (2016), Lehner et al. (2019), and Thornton et al. (2012)). Secondly, normative stakeholder theory entails the inclusion and consideration of the interests of all stakeholders, balanced within the decision-making processes of IICs (Argandoña, 1998; Parmar et al., 2010; Wijnberg, 2000). Mainly, **neo-Aristotelian virtue theory** was found to be a suitable framework for the conceptualization of a normative framework of moral and epistemic character of individual fund managers in impact investing (see Section 3.3.4). Being acquainted to these theories, the fund managers, that was the hypothesis, could improve their stakeholder management for ethical and effective impact investing.

The analysis of empirical data generated from the responses of professional fund managers (real-world insights) and the content of corporate documents suggested that the tripartite approach of fusing the aforementioned theories indeed explains the real-world structures, networks, logics, individual qualities and their implications of stakeholder management practice in the impact investing ecosystem of the Benelux. To the best of knowledge, this effort is a novelty in academic and professional research and adresses a research gap that was found to be existing before (see Section 3.5). Another novelty to management research was the practical application involving **exemplarism as a suitable framework** to explain the aspiration and admiration of role models in the field. An imitable virtuous character, that is the theory (Zagzebski, 2010, 2013), would be used for personal self-reflection and growth of moral and epistemic qualities. The importance and applicability of exemplars as a narrative to demonstrate and educate ideal stakeholder management allows for imitation beyond the sociocultural spheres of a given impact investment ecosystem, and allows superimposition with preexisting logics, values, norms, and beliefs (Zagzebski, 2013). At last, the question remains how applicable this theoretical agent is, and how far the underlying theoretical components reach within and beyond the focal perspective of impact investing stakeholder management. With literature arguing broad applicability (Audi, 2012), the empirical evidence and the cross-sectorial generalizability of the assessed virtues indicate that there is potential to delve into further sectors.

Following up on the concepts of meta-ethics introduced in Subsection 3.3.6, it is important to address **principle criticism** on what impact investing is about and what role fund managers do play in the development and composition of logics inherent to the investment philosophy. With neo-Aristotelian virtue theory proposing the mean between extremes - the balance in between stakeholders and their logics, demands, and needs - a **hypothetical criticism** calling out the relative neutrality and temperance of the researcher's take on impact investing is responded to in the following:

Criticism could be that the meta-ethical considerations of what good practice constitutes are too much grounded in real practice within the Benelux and the researcher would merely take impact investing as it is to investigate which norms and logics are important to impact investing communities. Thereafter, virtues would be derived from empirical data as the representation of the status-quo **without reflecting** whether the 'good' embedded in this practice derives from morally sound norms. There would be a chance that these norms are inherently wrong (morally corrupted), thus the normative constructs made in this thesis would be faulty. Maybe the **status-quo** of the impact investing community in the Benelux (which is proven to be under immense stakeholder and market pressure - see Chapter 5) lacks a **notion of radicalness**, appeasing financial markets and actors within. Potentially, a more 'non-conformist' take would have been needed researching virtues in impact investments, differentiating

the findings with a more social logic narrative prevailing over financial aspects. This criticism is not new, nor is it unsubstantiated. Contemporary research engages with moral questions emerging at the intersection of social and financial logics in capitalism, e.g., on the so-called **philanthrocapitalism** (Bishop and Green, 2015; McGoey, 2012) or the **dilution of social logics** along with the transgression of social conscious investment philosophies to mainstream phenomenons (Revelli, 2017).

Yes, a critic could argue that the thesis **might not push hard enough** for a radical transformation of investment norms, leaning too much into the status quo. However, the goal of impact investing as examined in this work is not to reject the financial aspects of investments outright but rather to reconcile them with the social and environmental imperatives that define this unique field. The critique assumes that in order for impact investing to be effective, it must **radically prioritize social goals over financial ones**. While this perspective is compelling, this thesis argues that both social and financial logics must be integrated in a way that makes impact investing sustainable and scalable. A radical social-first approach may ignore the structural role that financial returns play in ensuring the longevity and viability of funds, which are necessary to support long-term social impact. If the financial side is neglected, the entire system risks collapse, limiting its ability to achieve any social good. This does not mean that both financial and social logics have to be balanced in a strict 50:50 ratio, but logics ought to be mitigated to achieve the best possible outcome in terms of financial and social impact. Rather than defending the status quo, this thesis suggests that **impact investing already represents a significant shift** in investment philosophy by embedding social responsibility into its core logic. It moves away from pure profit-maximization towards a more balanced model that aims to generate positive social and environmental outcomes. However, this transformation is happening within an existing financial framework that allows impact investing to gain legitimacy and attract capital that might otherwise be channeled into traditional, purely profit-driven ventures. While the **norms of the current impact investing ecosystem might not be perfect**, they are not static. The thesis proposes that virtuous fund managers, grounded in neo-Aristotelian virtue ethics, are agents of gradual reform. They work within the system to refine and improve practices, ensuring that financial returns do not overshadow social goals but are harmonized through ethical decision-making. This internal reform process allows for adaptive change that does not alienate investors who expect returns but still prioritizes the greater social good. The thesis **does not suggest that impact investing in its current form is the final or best version of socially-conscious investment**. Instead, it recognizes the complex interplay of financial survival and social transformation. A more radical approach may be aspirational, but in practice, the success of impact investing depends on balancing realism with idealism. By cultivating virtues like prudence, accountability, and empathy, fund managers can navigate these tensions and work towards evolving the norms of investment without destabilizing the entire ecosystem. Lastly, a critic might argue that the **norms of traditional investment practices are inherently flawed**, and that by adhering to them, impact investing risks perpetuating inequality or failing to achieve the level of social change needed. The researcher's response to this would be that change happens incrementally and often requires working within existing structures. By showing how virtue ethics guides fund managers to make ethical decisions within these constraints, the thesis supports a vision of impact investing that is practical but also reformative, pushing the boundaries without disregarding the financial realities that sustain the field.

In conclusion, while **it is important to anticipate criticisms** about whether impact investing is 'radical enough', the thesis offers a balanced view: it acknowledges the necessity of financial sustainability while also pushing for the ethical evolution of investment norms. Impact investing, through the lens of virtue ethics, is positioned as a dynamic practice that continually seeks improvement while staying grounded in reality. This approach allows for meaningful social transformation without compromising the foundational elements that make it viable.

Guidance: Effective and responsible fund management (SQ 7)

The last SQ of the research asked **how should ethical best-practice guidelines for effective and responsible fund managers are supposed to look like**. This research provides a set of propositions (Appendix-Chapter F) as a tool for stakeholder management education. They are the institutionalization of the interpretation of the empirical insights collected from real world guidelines or the lack thereof, aligned with the theoretical model of this thesis. Surprisingly, in assessing existing principles, standards, propositions, etc., of impact investing, not many were found to be applicable in stakeholder management. Most often they were related to financial due diligence pre-investment or impact measurement (ex ante, in media res, ex post)[1], stakeholder management of active investments was an evident 'blind spot' to practitioners and academia (see Section 3.5). It appeared that rather than pre-defined guidelines, the character of the responsible fund manager is pivotal in the reality of impact investments. Evidence showed that stakeholder management revolves around abstract terms and concepts, such as honest communication, frequent engagement, authenticity, respect, trust, competence, accountability, and equity. This validates the applicability of the designed neo-Aristotelian framework of stakeholder management, which, at the beginning of this research, was deemed suitable to answer the main RQ.

Nevertheless, even as the general notion prevalent in stakeholder management is marked by strong subjectivism - an *"inside out rather than outside-in approach"* - this thesis aimed to provide structure within management practice for academia and practitioners alike, to set the stage for future research and help fund managers in their profession (see Figure 6.2). Thus, the following statements are to be seen as the logical structure of both theoretical and empirical findings that led to the set of the propositions made in Appendix-Chapter F which provide didactic, normative guidelines that advise on how individuals in this profession should develop ethically:

(1) The ideal stakeholder manager is embedded within a complex network of stakeholders, in an ecosystem that strives for positive financial returns as this would lead to positive social and environmental impact.

(2) The ideal stakeholder manager is able to effectively balance opposing institutional logics, as stakeholders and their logics are pluralistic, for effective and ethically sound impact investments in the interest of all stakeholders involved.

(3) The ideal stakeholder manager consists of virtuous moral and epistemic character. And they express these virtues in their thinking and acting whilst interacting with internal and external stakeholders. Virtue is conducive to the success (financial, social, environmental, etc.) of made impact investments into SEs and antidotal to vicious action (such as impact washing), which is a threat to the legitimacy of the field.

(4) The ideal stakeholder manager (exemplar) is a professional, and this professionalism includes virtuous stakeholder management that can be educated, habituated, and communicated for purposes of emulation. They seek to improve themselves and their practice and try to mitigate vice. This includes accountability for wrong-doing and calling-out misbehavior in others.

(5) The exemplar serves as an artificial normative being that embodies the implications for the theoretical considerations made in this thesis, differentiated with empirical evidence. Exemplars are leaders, as such they are virtuous in their roles and position in hierarchy at the pivot of impact investing. But, exemplars are no absolutes and their admiration entails criticism and reflectivity. Hence, they ought to be "equal human beings who earn a license to lead" (Maak and Pless, 2006, p. 112) for their stakeholders.

[1] Before, during, after

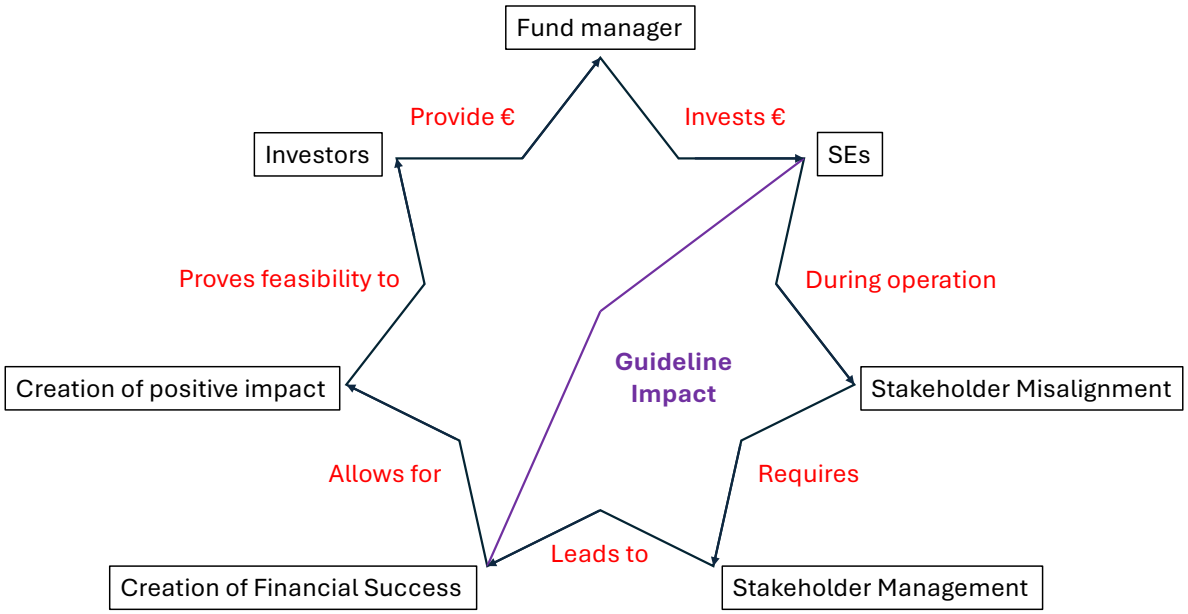

Figure 6.2: This figure exemplifies the expected guideline impact in the circular causality of capital provision, stakeholder management, returns, impact, and growth of the industry. Post-investment, the set of propositions aims to aid in the mitigation of stakeholder misalignments that require ethical stakeholder management that lead to the creation of financial success.

6.1.4. Summary: The Answer to the main Research Question

As a consequence of this discussion, the finite answer to the main research question condenses. For fund managers to manage their pluralistic set of internal and external stakeholders and logics, all part of made investments into social enterprises, the strong normative nature of their profession demands a robust ethical imperative of the 'good'. This 'good' in analogy to the 'eudaimonic' principle of the main theoretical framework applied in this research (neo-Aristotelian virtue theory) requires virtues and the awareness thereof. The **'How?'** lies within the good character of the main pivot in stakeholder management - the fund manager. Their thinking and acting, the possession and expression of virtues, can be modelled around the theoretical framework designed, in order to extract a set of propositions as guidelines. These guidelines are backed by theory and validated by empirical data derived from real-world practice.

6.2. Limitations

This section presents the limitations to the study, which, even thought great effort was made to eliminate bias and achieving rigor, are part of academic research. To begin with, several aspects of this research cause limitations to the theoretical and practical **generalizability** of the implications of the findings. The Benelux as an important, but small uniform region within the EU constitutes a limited geographical context, with its own distinct cultural foci. Thus, the generalizability is reduced to exceed beyond a western-European perspective, also regarding the prevalent regulatory framework of the Benelux and the EU that regulates finance. Hence, even within other regions of similar high developed financial industries or impact investing ecosystems outside the EU, like the anglo-saxon world or east-Asia, transferability is reduced. This is a limiting aspect, especially with regard to the cross-cultural investments made by IICs based in the Benelux. Nevertheless, concentrating on the Benelux allowed to accurately picture the real world conditions and complexity of the area, hence this research ought to be transferable to other ecosystems of similar nature and is deemed important for potential future cross-country comparative studies.

Additionally, rather than focusing on one specific sector, IIC size, or investment instrument, the broad approach of the research, which was reasonably chosen due to the pre-paradigmatic nature of impact investing (along with the barley tapped research on stakeholder management within the field), results in a **simplification bias** by reducing the complexity of the heterogenous and pluralistic stakeholder and logic network that constitutes the impact investing ecosystem of the Benelux. In the same manner, the study acknowledges the complexity of managing competing institutional logics (financial vs. social) within impact investing. However, the proposed solutions may oversimplify these challenges or fail to fully address the inherent tensions that fund managers face, potentially leading to conflicts or mission drift. Albeit, the iterative abductive approach considered as part of this study made sure that those reduced aspects of reality had high explanatory power, representing real work complexities.

Although the theoretical model was intended to be validated by empirical data in preceding chapters, the actual validation process might encounter limitations due to the **limited empirical base** of the study. Including the insights derived from 9 professional fund managers and 48 corporate documents, the empirical data offers manifold perspectives on stakeholder management in impact investing. Even with saturation being reached, the lack of expert validation constitutes one of the most dominant limitations to this study. The focal perspective of the fund managers, who were approached to participate in the interviews, does not include the views of external or internal stakeholders on their personae. Hence, their insights can not be externally validated nor differentiated other than by the analysis of corporate documents with limited real world explanatory power. More perspectives would have improved the validity of the findings. Nevertheless, the triangulation between the theoretical model based on a comprehensive literature review with expert interviewes and a diligently selected range of corporate literature made sure that the considered empirical base was of high quality, assuming good explanatory power.

Furthermore, in choosing a certain methodology applied on a distinct subset of the European impact investing ecosystem in the form of the Benelux, approaching a specific focus group of fund managers active in stakeholder management as the problem owners, **sampling bias** poses limitations. This extends to certain theoretical and analytical decisions being made, such as the selection of a certain subset of virtue items deemed relevant to stakeholder management (see also Chun, 2005), e.g., the selection and grouping of certain moral and epistemic virtues for the virtue rhetorical analysis deemed valuable for the empirical analysis and subsequent discussion or the artificial line drawn between moral and epistemic virtues altogether. In this regard, the **non-response bias** is a detrimental consequence of approaching an exclusive and hard-to-access subset of professionals in high-hierarchy positions. Out of the 111 IICs contacted, merely **9** participants agreed to contribute to this research. The statements made by these participants are prone to **recall bias**, which could have occurred due to the subjectivism inherent to the responses of the interviewees. Although diligent measures were applied to anonymize all participants, the fear of negative repercussions for contributing to the study as well as the moral dimensions of questions asked might have led them altering their statements in their favor, thus shifting into ambiguity and the non-disclosure of fraud, illegal, or immoral practice. Moreover, the reflection of the normative amplitude to their profession might have startled some participants, as the general impression has been that aspects of stakeholder managent remain non-disclosed between external and internal stakeholders. Also, the contemporary rhetorical narrative of finance is imprinted by a strong neo-classical narrative, to which the virtue-theoretical framing of the semi-structured interviews could pose a miss-fit unable to extrapolate the responses to the level of complexity and demands of impact investing (Mollinger-Sahba et al., 2020). Aware of these circumstances, the structure of the interviews, the open communication of dangers, the informed consent, the tailored choice of appropriate and effective interview questions, and the setting of the interviews helped to assure safety to participants, thus creating an open and trust based interaction hoped to mitigate bias.

Evidently, **personal bias** occurs approaching any type of research conducted. In reflection, as this research is part of a Master's Thesis in Management, the extent to which a comprehensive philosophical narrative could have been upheld was limited. Hence, the interpretation and application of normative theories to design and validate a model of ethical stakeholder management were inherently limited by the practical and academical intent of this thesis. Yet, high standards of reflectivity and objectivity, as well as the professional guidance by the research committee to this thesis with high expertise in both

management and philosophy has been aiding in tackling this bias. The objective of this thesis, focusing on building a theoretical model of virtuous impact investing, may limit its practical applicability. While the model is grounded in existing literature and ethical discussions, the translation of this model into real-world impact investing practices may face challenges that are not fully addressed in the study. Lastly, the selection of **neo-Aristotelian virtue theory and exemplarism** as the central theoretical frameworks underlying this research may have introduced bias since the selection of these exemplars might be influenced by subjective preferences or cultural norms. This could lead to an idealization of certain behaviors or traits that may not be universally applicable or desirable in all contexts.

6.3. Future Research Outlook

This section suggests future research perspectives based on addressing the inherent limitations to the current research design (Subsection 6.3.1) as well as research recommendations derived from the insights of this study (Subsection 6.3.2).

6.3.1. Limitations-based Opportunities

To circumvent **issues of generalizability**, follow-up studies could focus on extensive empirical testing of the proposed theoretical model in various impact investing contexts. This could involve larger sample sizes, diverse geographic regions, different cultural settings, and market conditions, to validate and potentially refine the model. Longitudinal studies could also be conducted to observe how the model performs over time in real-world scenarios. Studying impact investing ecosystems on an EU level, with its unanimous regulatory frameworks and dispersed actors and strongly interconnected stakeholders could be of interest. Vice-versa, a narrow sector-specific or regional perspective adds validity to the overall model of virtuous stakeholder management, and helps to nuance its applicability over a broad range of impact investing applications and addresses **issues of simplification**.

Due to the novelty of this research, future research could, with more resources at hand, redo this study with a **broader empirical base**, alternating between a more comprehensive set of corporate documents, addressing more professionals, expanding the data sources to other forms of testimony, extracted by more nuanced qualitative methodologies. Also, this would allow for the expansion of foci, shifting the perspective away from the fund manager prone to subjectivism, approaching their internal and external stakeholders to obtain their perspective to increase validity of the theoretical model and its propositions. Also, whilst expanding the sample and achieving a higher-response rate in qualitative research, follow-up research could integrate **quantitative methods** to measure the effectiveness of different stakeholder management practices in achieving both financial and social outcomes. This could involve the development of metrics or indices to assess the balance between financial returns and social impact, and how these are influenced by specific ethical practices.

Also, to address the **reliance on neo-Aristotelian virtue theory**, future research could incorporate and compare alternative normative ethical frameworks, such as deontology or utilitarianism, to examine their relevance and applicability to ethical stakeholder management in impact investing. This could provide a more holistic understanding of the ethical considerations in the field. Furthermore, to include a more inclusive perspective on ethical aspects of impact investing, the potential **application of neo-Confucian virtue theory** on east-Asian ecosystems and their stakeholder management practices is a viable option to address more dynamic high-growth markets for sustainable finance products (Meng et al., 2022; Provis, 2010). Thus, the neo-Aristotelian bias to western societies could be addressed, since neo-Confucian theory is analogous in many aspects to its western counterpart, emphasizing the individual and virtue as the mean to happiness (Meng et al., 2022). Lastly, given the **potential bias in exemplarism**, future research could investigate the long-term impact of using role models in promoting ethical practices within impact investing. This could include studying how exemplars are selected, their influence on fund managers over time, and whether these practices lead to sustained ethical behavior and improved outcomes.

6.3.2. Findings-based Opportunities

During the execution of this research, as discussed in in Section 6.1, many interesting findings emerged, which pose potential for future research opportunities. With the realization that the power and hierarchy structure around the fund manager is more distinct than anticipated by the theoretical model designed, further research could explore how **power dynamics and hierarchical structures** within impact investing funds and in between different stakeholders affect ethical decision-making. This could provide insights into how to better manage these dynamics to foster more equitable and inclusive practices in the field. Focusing on hierarchy between internal and external stakeholders, future research could delve deeper into how **different organizational structures** within impact investing funds influence stakeholder management and ethical decision-making. This could include studies on governance models, decision-making processes, and the role of organizational culture in supporting or hindering ethical practices. Moreover, with progressing regulation on the financial disclosure, pre-investment diligence, and ESG policies, future studies could examine how **evolving regulations and policies** at the national (e.g., Netherlands) and international (e.g., EU) levels influence ethical stakeholder management in impact investing at the post-investment level. Research could focus on the effectiveness of current regulatory frameworks in promoting ethical behavior and suggest improvements or new policies that could better support ethical impact investing.

From working with virtue theory as a normative framework focusing on the individual as the central agent expressing virtues or vice, the developing field of **collective virtue ethics** stood out in the literature review. Supported by the impression that collectives can indeed be virtuous as the sum of the character of the people within an organization (with IICs and their funds ranging from very small to medium sized financial organizations), future research could investigate neo-Aristotelian virtue ethics and epistemology **beyond the perspective of a singular responsible fund manager** (see Baird and Calvard, 2019; Kristjánsson, 2022; Meyer, 2023, and Chapter 3.3.4). This is also seen relevant as the findings imply that the fund manager is less autonomous in stakeholder management than anticipated (see Section 6.1). Approaching a diverse set of fund managers during interviews, their religion and faith were part of some interactions, highlighting the influence of religion on the socialization of virtue in personal life, influencing the professional work ethics of the fund manager. Further research could include **studies aligning monotheistic or polytheistic religious narratives** with normative virtue ethics, examples of which constitute the syncrisis between Aristotelian virtue ethics with Catholicism by Alasdair MacIntyre (MacIntyre, 2013), with Islam by George Hourani (Hourani, 2007), with Judaism by David Hartman (D. Hartman, 2010), or with Buddhism by Damien Keown (Keown, 2016).

Lastly, future studies could emphasize the **role of stage-based stakeholder management**, since long-termism and close cooperation require adaptive solutions for different issues depending on the maturity of the investee. With the development of an SE, new stakeholders, new regulation, new logics, and dynamics emerge, all whilst the fund manager is still the essential node of the impact investment to all stakeholders involved, as the profession is *"all about people and trust"*.

7

Conclusion

This chapter constitutes the final part of the thesis, concluding its content and the overall findings, implications, and narratives of this research on **'How can fund managers of impact investing funds manage their relationship with internal and external stakeholders - which partake in made investments into social enterprises - in an ethical sound manner?'**

7.1. Reflection

In short summary, the research presents a comprehensive theoretical model of ethical stakeholder management within the impact investing ecosystem of the Benelux, built upon comprehensive literature and anchored in normative ethics. The model highlights the central role of the 'virtuous' fund manager, who is envisioned as an 'exemplar', a construct embodying moral and epistemic virtues crucial for ethical decision-making. Incorporating an abductive research design, conducting qualitative analysis of empirical data (semi-structured interviews and corporate documents), one of the key findings is the critical influence of fund managers' personal backgrounds on their approach in managing diverse and dynamic stakeholders, whose financial and social logics often conflict. The study underscores the challenges fund managers face in balancing these dichotomic logics, particularly in aligning financial returns with positive social impact. The research identifies trust and communication as foundational principles for ethical stakeholder management, with the empirical analysis demonstrating that effective stakeholder relationships are crucial for achieving both financial and social goals (with the achievement of financial returns resulting in socioeconomic impact). The study introduces neo-Aristotelian virtue theory as a guiding framework, emphasizing virtues such as practical wisdom, courage, and integrity in the absence of comprehensive best-practice guidelines. To generalize the findings, the concept of exemplarism is proposed, encouraging fund managers to emulate virtuous role models, thereby fostering a culture of ethical behavior in the impact investing community. The research concludes that the 'ideal' fund manager is one who continually strives for self-improvement and the habituation/education of virtues, thus forming the bedrock of effective and ethical stakeholder management. In the following, the outcome of this research is thoroughly reflected on a general, theoretical, and personal level.

7.1.1. General Reflection

A good way of contextualizing the outcome of this research for practice is linking it back to the expression of good ethical conduct and the fulfillment of ethical principles in corporate communications (in the form of testimonial statements, e.g., mission statements, code of ethics, etc.). The propositions made (see Appendix-Chapter F), express the moral duties of agents in impact investing (de Bruin, 2014) and ought to be followed for IICs to possess a valid ethical framework of good practice. Thus, the field gains an important standard of ethical stakeholder management that can indeed lead to a more unitary progression of impact investing into a post-paradigmatic form of sustainable finance. For someone in practice reading this work, one has to remember the special "relationship between virtue and right action: the importance of focusing first on acquiring the traits of the exemplars (the virtues), and secondarily on the behavior of the exemplars as models for one's own behavior" (Zagzebski, 2013, p. 203). That is why this thesis's propositions can act as a guidance, as a blueprint in naming the character

traits that are deemed beneficial to ethically and financially sound stakeholder management. That being the product of the main research question for impact investing as a practice, a future fund manager can be informed about, an active fund manager can reflect on, what neo-Aristotelian virtue theory entails if applied as a framework in stakeholder management to create a unique model of the ideal fund manager. Whether the manager is adherent to certain cultural norms, to different religions, economic schools, gender roles, belief systems, values or any other intangible aspect of human existence is not relevant when dealing with the propositions made in this research. Because virtues, acts, and the nature of good life (here impact or revenue) are not conceptual, but derive from the norms and constructs of the community one is exposed to (see Section 3.3.6), the ideas of this research are adaptable cross-culturally. The reason why impact investing was chosen as the focal perspective of this research, rather than any other field with a blended value logics model, is that the emerging impact investing philosophy with its explicit focus on blending financial and social value serves as an ideal foundation for a model that can be generalized to any field requiring the integration of multiple forms of value.

7.1.2. Theoretical Reflection

An important reflection here concerns aligning the outcome of this research to the practical level of impact investing with its theoretical counterpart according to the framing introduced in Figure 3.2 in Section 3.4. As the **fund managers'** moral and epistemic character traits were analyzed based on **neo-Aristotelian virtue theory**, the **financial intermediaries** of the IICs and their inter-organizational network with institutional partners (SEs and investors) based on **institutional theory**, and the entire **impact investing ecosystem** based on **stakeholder theory**, each level requires reflection.

The reflection at the **fund manager level**, grounded in **neo-Aristotelian virtue theory**, emphasizes the critical role of moral and epistemic virtues such as practical wisdom (phronesis), integrity, justice, and courage. Fund managers must develop the ability to navigate complex ethical dilemmas, where financial returns and social impact often seem at odds. Practical wisdom enables them to strike a balance between competing priorities, ensuring that decisions are guided by a commitment to ethical integrity rather than mere profit maximization. Integrity, meanwhile, requires fund managers to act consistently with their ethical commitments, ensuring that their actions align with the mission and values of their impact investment funds. Justice involves fairly representing and addressing the interests of all stakeholders, from investors to social enterprises and beneficiaries. To operationalize these virtues, fund managers need to resist the temptation of short-term financial gains that could lead to mission drift, focusing instead on long-term, sustainable outcomes that both generate financial returns and create genuine social and environmental impact. This approach not only fosters trust among stakeholders but also enhances the credibility and legitimacy of the fund manager's role within the broader impact investing ecosystem.

At the **financial intermediary level**, **institutional theory** highlights the complexities involved in navigating the multiple, often conflicting, institutional logics that govern the world of impact investing. IICs and their IIFs as financial intermediaries must balance the demands for financial returns from investors with the social impact expectations of other stakeholders, such as social enterprises and regulatory bodies. These firms must develop institutional processes that are not only financially sound but also ethically robust, ensuring that their operations align with the values and goals of the broader ecosystem. Transparency in decision-making and accountability in reporting are key to maintaining legitimacy and trust in the sector. For example, intermediaries should implement mechanisms that allow for regular, transparent communication with both investors and investees, clearly demonstrating how financial and social goals are being pursued simultaneously. They must also create systems to monitor and mitigate the tensions that arise between these goals, ensuring that neither side is disproportionately prioritized. By managing these institutional logics effectively, intermediaries can help avoid ethical pitfalls, such as 'impact washing', and ensure that their impact investments deliver on both their financial and social promises.

At the **ecosystem level**, **stakeholder theory** provides a broader framework for understanding the ethical responsibilities that fund managers as part of financial intermediaries have towards the full range of stakeholders involved in the impact investing process. This includes not only investors and social enterprises but also beneficiaries, regulatory bodies, and the communities affected by the investments. Stakeholder theory stresses that all these actors should be treated as ends in themselves, not as means to achieving financial returns. This calls for a holistic approach to stakeholder management, where fund managers and their organization prioritize ethical engagement, transparency, and mutual accountability. Fund managers should actively engage with stakeholders to ensure that the social impact goals of the investment are being met and adjust strategies as needed based on feedback. This ongoing dialogue fosters trust and cooperation across the ecosystem, creating a more sustainable and ethical environment for impact investing. Moreover, by upholding these ethical principles, fund managers and their IICs contribute to the broader legitimacy of the impact investing field, helping to build a reputation that attracts more conventional investors without compromising the social mission at the core of the practice.

7.1.3. Personal Reflection

Reflection from the perspective of the researcher: *"When starting this thesis, the highest premise was aligning my personal interest in philosophy, morality, and virtue with my background in Management of Technology. This research being the final part of my master's studies, the ambition was to create a unique exploration of ethics and epistemology in finance, a field that based on knowledge of supply and demands enables innovation in technology. On the relevant firm-level which is the focal perspective of a master in management, the strategies applied by virtuous agents [the fund managers] enable the management of knowledge processes. With the fund managers directly engaging with social entrepreneurs, their leadership qualities guide the maturation of innovative organizations, excelling in research and product development. From the beginning, it has been clear that impact investments revolve around the efforts made by fund managers to channel, coordinate, communicate, and distribute knowledge and capital as corporate resources."*

7.2. Implications of this Research

This section entails the implications of the research conducted (including the theoretical and empirical findings) on academica, impact investment philosophy, general practice, practitioners (fund managers), and stakeholder management training in order to become a virtuous fund manager.

7.2.1. Implications for Academia in General

The research conducted has several implications for academia, being a valuable contribution to the academic canon on management sciences, particularly in its foci on ethical stakeholder management practices in impact investing. First, this research enhances **the understanding of stakeholder management** by integrating neo-Aristotelian virtue theory with stakeholder and institutional theories. This integration provides a rich framework for analyzing ethical behavior in complex financial environments, encouraging scholars to explore similar integrations in other fields. Moreover, the theoretical model proposed in the work offers a **foundation for further empirical research**. Academics can build upon this model to validate and refine it in different contexts beyond the Benelux region, contributing to the generalizability and robustness of ethical impact investing theories. Beyond this, the **empirical insights** generated support the applicability of normative theories on contemporary business practices in finance, with the tripartite theoretical design in combination with the triangulation incorporating qualitative data proving the inter-operability aligning normative discussions with empirical findings. The primary contribution to the literature is the development of a normative framework that not only provides guidelines but also **distinguishes the ethical requirements** of the fund managers in stakeholder management from other aspects of impact investments such as pre-investment due-diligence. Due to the novelty, importance, and proven demand (see Chapter 5) for the insights of this research, the work suggests the **need for interdisciplinary research** combining ethics, finance, and social impact.

This encourages academia to explore how moral and epistemic virtues can be systematically integrated into the curriculum for finance and business education, **fostering a new generation of ethical fund managers**.

7.2.2. Implications for Impact Investing as an Investment Philosophy

Implications for impact investing as an investment philosophy stem from the Benelux as a distinct community, which manifold stakeholders and logics condition the perception of 'good' impact investing. What constitute effective and ethical practice, what defines virtuous stakeholder management by fund managers is deeply rooted within the profession itself. As such impact investing is **embedded in moral practice**, particularly through the lens of moral constructivism. In this view, norms and moral truths are community-based, meaning that the values, beliefs, and ethical practices that define virtuous behavior within a community of impact investors guide actions and decisions. This thesis argues for a constructivist meta-ethical framework, where the norms of the investment community shape what is considered 'good' or 'virtuous' behavior in stakeholder management. Fund managers are often **caught between financial logics** imposed by investors and **social logics** promoted by social enterprises. This dichotomy requires fund managers to navigate these competing logics in stakeholder management. Although financial logics may often dominate, particularly in smaller funds, long-term sustainability and success in impact investing depend on balancing these competing demands to generate both financial returns and social impact. Thus, the practice of impact investing involves the **continuous confrontation with various stakeholders**, where fund managers must embody virtues like empathy, integrity, and transparency. This thesis suggests that fund managers can enhance stakeholder relationships by fostering trust and applying a virtue ethical framework. This practice leads to long-term engagement and sustainable impact, aligning financial objectives with broader societal goals. To ensure **ethical and effective impact investing**, this thesis proposes a robust framework for stakeholder management grounded in virtue ethics. Continuous education and the habituation of virtues are essential for fund managers, emphasizing the importance of professional development programs focused on moral and epistemic virtues. Such efforts aim to align both social and financial outcomes in the long term, offering practitioners a structured pathway to foster ethical investment practices.

7.2.3. Implications for Practice in General

The implication of this research to practice are more imminent, as the **set of propositions** (see Appendix-Chapter F) constitutes the institutionalization of this thesis as a direct product to be of use for experienced and novel fund managers in stakeholder management. Thus, they can base their relational practices on a robust ethical framework. Practitioners in impact investing can **apply the proposed framework** to ensure that their decisions align with both financial returns and social impact. This framework serves as a practical guide for fund managers to navigate the ethical complexities of managing diverse stakeholder interests. As the findings emphasize the importance of trust, transparency, and empathy in stakeholder relations, practitioners can use these insights to develop **better engagement strategies** that foster long-term relationships and sustainable impact, improving the credibility and effectiveness of impact investing. Moreover, the research highlights the need for **continuous education and habituation** of virtues among fund managers. This suggests that impact investing firms should invest in professional development programs that focus on building the moral and epistemic virtues necessary for effective and ethical stakeholder management. A detailed recommendation of educational programs or policies would exceed the scope of this thesis, albeit the structure of the propositions made create a **didactic narrative for practitioners and prospects** alike for them to follow and develop further. As such, professional research conducted by organizations in impact investing can build on the implications and findings of this thesis.

7.2.4. Implications for Practitioners in Detail

Following up on the statements made in the previous subsection, several fundamental implications for the fund managers are reflected with focus on concrete **recommendations for stakeholder managers** in active investments.

To beginn, fund managers must navigate the challenging balance between financial returns and social impact. This dual responsibility can lead to conflicting pressures from investors (prioritizing financial returns) and social enterprises (focused on social missions). To manage this tension, fund managers should develop moral and epistemic virtues to assess the best outcomes for all stakeholders without compromising on impact or financial viability. **Recommendation 1:** Creating moral decision frameworks that explicitly factor in both financial and social considerations, ensuring that neither is overlooked. Engaging in frequent stakeholder dialogues will help maintain this balance, whilst reflecting on one's knowledge and the absence thereof is crucial to manage epistemic resources that build the base of decisions. This entails fostering a culture of knowledge-sharing and constant learning.

With fund managers often facing intense pressures from investors to prioritize financial returns, which can lead to compromises in social impact, acting ethically in these situations is key to maintaining the long-term integrity of the field. Virtuous fund managers should be able to resist short-term financial pressures that undermine social goals. **Recommendation 2:** Developing an 'ethical review board' or 'advisory committee' that can help guide fund managers in high-pressure situations could be potential facilitation to their operations. This group of internal/external advisors could provide external perspectives on complex dilemmas, ensuring that decisions align with both social and financial objectives.

Being a virtuous fund manager means embodying traits like empathy, transparency, and integrity. The research highlights that trust is central to building long-term, sustainable relationships. Fund managers should focus on these virtues, which go beyond mere financial expertise, to ensure long-term impact and credibility. A virtuous fund manager takes responsibility not only for successes but also for failures. By maintaining transparency, fund managers can build trust with both investors and social enterprises. This approach not only strengthens relationships but also boosts the legitimacy of the impact investing field. **Recommendation 3:** Fund managers should invest in personal development programs that emphasize virtue ethics, such as leadership training in moral integrity and stakeholder communication. Regular reflection on their actions in relation to stakeholder well-being is crucial, which includes the implementation of regular, transparent updates with all stakeholders. Open communication of both progress and challenges ensures that accountability is maintained at all stages of the investment cycle.

Lastly, the concept of 'exemplarism' highlighted in this thesis encourages fund managers to act as role models within their impact investing ecosystem. By setting ethical standards in their work, they can inspire others in the industry to follow suit. **Recommendation 4:** Fund managers should actively mentor newer managers and share best practices across the field. Establishing peer networks and leading by example will foster a broader culture of virtuous investing. To increase practicability of the research for practitioners, the implications made are further elaborated with regard to 'Recommendation 4' in the next subsection.

7.2.5. How does one become a virtuous fund manager?

To conclude this listing of implications as the result of the theoretical and empirical findings on ethical stakeholder management in impact investments, this research proposes advice on **how does one become a virtuous fund manager**:

First, **who to hire to become a virtuous fund manager** should be focused on identifying individuals who not only have the technical skills for investment but also exhibit the key moral and epistemic virtues necessary for ethical leadership. These virtues include empathy, humility, diligence, and

practical wisdom. Empathy allows a fund manager to understand the needs and concerns of various stakeholders, particularly social enterprises and beneficiaries, while humility ensures they remain open to feedback and learning. Practical wisdom, or prudence, is essential for navigating complex investment environments where decisions often involve moral and financial trade-offs. The minimum of what a candidate should express in virtue to be eligible to be a fund manager, concerning the neo-Aristotelian view that moral virtue can be habituated in practice and the virtue responsibilist view that epistemic virtues can be acquired by means of education, is conveyed by the introduction of BaVs (see Section 5.3 and Subsection 6.1.3). Furthermore, whilst recruiting, it is vital to assess candidates for their experience in managing ethical dilemmas in high-stakes environments, such as social enterprises, non-profits, or mission-driven businesses. Prioritizing individuals who have demonstrated trust-building, emotional intelligence, and the ability to balance stakeholder interests will help ensure they can align financial goals with positive social impact. Additionally, candidates should be able to communicate transparently and lead teams with integrity, as this is central to fostering trust both within the organization and with external partners. If qualities are absent, the training of virtuous character trais within the IIC is key, which is elaborating subsequently.

Second, **how to train employees** to become more virtuous (habituation/education) requires a comprehensive development plan that emphasizes both the moral and intellectual (epistemic) growth of fund managers. Training programs should be designed to instill moral virtues through habituation, meaning employees should be encouraged to repeatedly engage in virtuous actions until these behaviors become second nature. This can be achieved through leadership development initiatives that focus on core virtues such as integrity, good judgment, coherence, and courage in decision-making. For instance, simulations and case studies that involve ethical dilemmas can provide practical experience in applying these virtues to real-world scenarios. Additionally, fostering a culture of continuous learning within the organization is crucial. This can be supported by offering educational resources, such as seminars on ethical investing, workshops on epistemic virtues like critical thinking and epistemic humility, and creating spaces for reflection on personal and team actions. By promoting intellectual humility, employees learn to question assumptions, engage with diverse viewpoints, and make decisions that reflect both financial prudence and ethical integrity. Mentorship programs, where seasoned fund managers guide new employees through ethical and operational challenges, can also provide ongoing support and reinforce virtuous practices, which is explained in the following.

Third, **how to mentor new fund managers** from the perspective of the exemplar involves leveraging the experience and moral authority of senior fund managers to guide and inspire ethical behavior in newcomers. Exemplarist mentoring is more than just providing advice; it's about modeling the virtues that junior fund managers should aspire to in their professional conduct. Senior fund managers should actively demonstrate virtues like moral courage, prudence, and integrity in their day-to-day decisions, particularly in situations where financial and social goals conflict. Real-time mentoring is critical, this involves bringing new fund managers into discussions about complex ethical dilemmas, allowing them to observe how experienced leaders navigate these challenges, and offering direct feedback on their thought processes and decisions. In addition, creating structured peer networks and forums where new and senior managers can openly discuss ethical challenges fosters a collective learning environment. These discussions should focus on real cases of conflict between financial imperatives and social impact goals, emphasizing the importance of virtues in resolving such dilemmas. Regular self-assessment and reflection, supported by mentor feedback, are essential to ensure that new fund managers continuously evaluate their growth in relation to the virtues necessary for ethical stakeholder management. Over time, this mentoring approach helps new managers internalize virtuous practices and become role models themselves within the organization.

7.3. Closing words

In the end, following the critical argumentation by Chiapello (2023), despite this thesis factually being an important contribution to academia and practice of impact investing, one can "argue that despite the growth of this ecosystem [impact investing], its proposals are unable to meet social and environmental needs and are in fact reinforcing neoliberal financialized capitalism" (p. 199). Maybe the popular opinions calling for major institutional and systematic change and the promises of more social economic systems are the only way to achieve sustainable, long lasting impact to our world. Who says growth is a must, who argues for returns, if real equity could be achieved by not only sharing the benefits of social impact, but also the means from which it occurs. Who knows what the future brings, but right now impact investing appears to be a good step in the right direction, to contribute to the closure of the finance gap introduced to the beginn of the work. At least, the model of a 'virtuous fund manager' would have the potential to contribute to understanding and modelling more cooperative stakeholder relations as part of the Industry 5.0. Hence, I hope this research contributes to make impact investing stakeholder management more ethical and successful.

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A

Set of Premises

The **Set of Premises** (see Table A.1) is deducted from the literature (see Chapter 3), and the constructed theoretical model (see Chapter 4), directed at answering the main research question: **'How can fund managers of impact investing funds manage their relationship with internal and external stakeholders - which partake in made investments into social enterprises - in an ethical sound manner?'**. The following table includes the premises to be validated in Chapter 5 and critically discussed in Chapter 6. These premises constitute the conceptualized building blocks of virtuous stakeholder management as the product to the research objective for academia and practice. Eventually, these premises lead to the **Set of Propositions**, which constitute the institutionalization of this research to practice, in Appendix F.

Table A.1: This table names the complete set of premises derived from the literature and theory in Chapter 4. For each premise in the format **P.X.X**, its respective section from which it has been derived as well as the sub-question to which it relates is mentioned.

Sub-Question	Section	Premise
SQ 1	**4.1**	**P.1.1:** The impact investing ecosystem of the Benelux consist of a complex network of stakeholders.
"	"	**P.1.2:** The fund manager is in the position of the central node in impact investing, channelling capital and knowledge transfers.
"	"	**P.1.3:** The fund manager as a part of the IIC strives to work towards impact (financial, socioeconomic and environmental) appropriate to the regulatory and normative framework of their ecosystem.
"	"	**P.1.4:** The professional and cultural background of a fund manager influences their stakeholder management in impact investments.
SQs 2+3	**4.2**	**P.2.1:** Fund managers are exposed to and have to mitigate potentially opposing logics (norms, values, and beliefs, etc.) of their stakeholders and their own.
"	"	**P.2.2:** The dichotomy of logics in impact investing is inherent to its principle of aligning financial and social aspects.
"	"	**P.2.3:** The fund manager aims to achieve the best possible outcome in financial return and impact to its stakeholders and themselves.
"	"	**P.2.4:** The qualities of fund managers in character, culture, and expertise of stakeholder management are crucial as there are no general principles, rules, or frameworks on ethical and effective stakeholder management.
"	"	**P.2.5:** Collaboration between and inclusion of stakeholders within the impact investment community are conducive for value creation, effective balance of logics, and ethical practice.
"	"	**P.2.6:** The fund manager has to adapt to a changing ecosystem (stakeholders, values, logics, etc.) dynamically over time and be able to fullfil their manifold roles in the eyes of their community.
SQs 2+3	**4.3**	**P.3.1:** Active communication and engagement are key strategies of fund managers to navigate their complex ecosystem, thus they ought to develop good qualities in doing so ethically and effectively.
"	"	**P.3.2:** Impact investments entail knowledge and capital streams, which are coordinated, processed and amplified by the fund manager between stakeholders.
"	"	**P.3.3:** Managing professional relations between individual fund mangers and stakeholders is important, as such is trust as the key baseline of interaction and communication.
"	"	**P.3.4:** Character traits are soft-skills of the individual fund manager, which are expressed in moral and epistemic virtue and vice their acting and thinking.
"	"	**P.3.5:** Virtues enable the fund manager to effectively mitigate moral conflicts, facilitate decision-making under pressure and uncertainty, and allow for ethical treatment of stakeholders.
"	"	**P.3.6:** Transparency, objectivity, and active engagement are antidotal to unethical or detrimental practices in the field of impact investing.
SQ 6	**4.4**	**P.4.1:** Stakeholder and institutional theory aid in sorting and explaining the complex ecosystem of stakeholders and logics.
"	"	**P.4.2:** IICs and SEs are hybrid organizations, characterized by a blended value and logics approach in their business model.

Continued on next page

Sub-Question	Section	Premise
"	"	**P.4.3:** Institutional logics offer a framework to mitigate financial and social logics in order to reduce frictions between stakeholders.
"	"	**P.4.4:** Normative stakeholder theory entails the inclusion and consideration of the interest of all stakeholders, balanced within the decision-making processes of IICs.
"	"	**P.4.5:** Being acquainted to these theories, the fund manager can improve their stakeholder management for ethical and effective impact investing.
SQs 4+5+6	**4.5**	**P.5.1:** Virtue theory is a suitable framework for the conceptualization of a normative framework of moral and epistemic character of individual fund managers in impact investing.
"	"	**P.5.2:** Neo-Aristotelian virtue ethics and epistemology are the core elements of a model of the ideal fund manager in stakeholder management.
"	"	**P.5.3:** The Aristotelian search for mean for the good life (eudemonia) and the goal of aligning dichotomous logics and principles from financial and social sectors for positive impact are analogous.
"	"	**P.5.4:** Neo-Aristotelian virtue theory and impact investing share a normative component, imposing ethical responsibilities on impact investing as a practice towards individuals and communities.
"	"	**P.5.5:** At the center of neo-Aristotelian virtue theory is the individual fund manager as moral and epistemic agent, whose virtuous character is pivotal to ethical and effective impact investing.
"	"	**P.5.6:** This character is expressed in virtue, which a result of socialization, (corporate) culture, and education.
"	"	**P.5.7:** Virtue can be educated and habituated in a business environment, strategies for vice mitigation are situated in the expression of virtue in all elements of impact investments.
"	"	**P.5.8:** Virtue can be contextual and role specific and/or holistic and be applicable comprehensively.
"	"	**P.5.9:** Moral and epistemic virtues are expressed in ethical and effective stakeholder management in impact investing.
SQs 4+5+6	**4.6**	**P.6.1:** Ethical and epistemic elements constitute the principle resources in impact investment - Moral integrity and knowledge management are intangible goods besides capital, human resources, and time.
"	"	**P.6.2:** Moral decisions have to be made under conditions of uncertainty and information scarcity, moral and epistemic virtues act as a corrective for ethical and effective outcomes.
"	"	**P.6.3:** Knowledge management of the fund manager entails the ethical accumulation, processing, and distribution of tacit and explicit knowledge in a stakeholder ecosystem.
"	"	**P.6.4:** Virtues of fund manager transgress the boundary of impact investing as a practice into societal spheres, enabling the moral and epistemic agent to excel in holistic deliberation and long-term considerations.
SQ 6	**4.7**	**P.7.1:** Exemplarism is a suitable framework to explain the aspiration and admiration of role models of imitable virtuous character for personal self-reflection and growth of moral and epistemic qualities.
"	"	**P.7.2:** Exemplars of virtue are a good mean to exemplify and educate virtue in practice.
"	"	**P.7.3:** Exemplars of ethical stakeholder management allow for imitation beyond sociocultural spheres of a given impact investment ecosystem, and allow superimposition with preexisting logics.
"	"	**P.7.4:** Exemplars are no absolutes and their admiration entails criticism and reflectivity.
"	"	**P.7.5:** Within stakeholder management, exemplars need to be affable, on behalf of collaboration, engagement and communication.
"	"	**P.7.6:** Exemplars are leaders, as such they are virtuous in their roles and position in hierarchy at the pivot of impact investing.
SQ 7	**4.8**	**P.8.1:** The ideal stakeholder manager (exemplar) consists of virtuous moral and epistemic character.
"	"	**P.8.2:** The exemplar serves as an artificial normative being that embodies the implications for the theoretical considerations made in this thesis.
"	"	**P.8.3:** The exemplar exists in some form in practice and/or can be used to educate fund managers in virtue for ethical and effective stakeholder management.
"	"	**P.8.4:** The ideal stakeholder manager is professional, and this professionalism includes virtuous stakeholder management that can be educated, habituated, and communicated for purposes of emulation.
"	"	**P.8.5:** The ideal stakeholder manager is able to effectively balance opposing institutional logics for effective and sound impact investments in the interest of all stakeholders involved.

B

Professional Interviews Diligence

This appendix-chapter introduces the **List of Interview Questions** in Section B.1, derived from the set of premises in Appendix-Chapter A, and contains the full informed consent form (see Figures B.1, B.2, and B.3) within Section B.2, which was sent to the participants as part of data management and due diligence of the semi-structures interviews.

B.1. List of Interview Questions

List of questions of the semi-structured interviews. (*Number*) indicates a main question, which is being asked the respondent. (*Letter*) indicates aid question, which is being asked the respondent if more input or clarification is needed. The questions are separated into blocks by their intent and alignment with the Sub-Questions (SQ) to the main Research Question; High Priority Questions are indicated by (HP).

Part 1 - Appreciation of the interviewee and their organization

1. Tell me about your motivation and role in impact investing? (HP)

A. Your career and motivation?
B. What is impact investing to you?
C. Your personal contribution to impact now and in the past?

Part 2a - Descriptive Questions on impact investing network, actors, institutional logics, and stakeholders

2. Who are your key stakeholders, and how do you collaborate with them? (HP) (SQ 2)

A. How often and how intense? (Dependencies)
B. How do you include your stakeholders? (e.g., seat at the table)
C. How do you forward the shareholder expectations to your investees?

3. How do you deal with stakeholder or market pressure? (SQ 3)

A. By your investors (supply side)?
B. By your investees (demand side)?
C. By the impact investing and general VC market of the Benelux? (ROI competition, etc.)

4. What are values, expectations, or working principles you encounter in your position (in made impact investments - post-investment)? (HP) (SQs 2+3)

A. Which ones do you or your organization express?
B. Which ones do your shareholder express, and how do they align?
C. Which ones do your investees express, and how do they align?

Part 2b - Descriptive Questions on business ethics in impact investing of organizations and individuals

5. How do the norms, best-practices, and implicit rules of your community of impact investing influence your stakeholder management? (HP) (SQs 3+4)

A. What are competing needs, demands, and logics you have to mitigate in between you, your organization and the outside ecosystem?
B. How are those aspects communicated between you/your organization and external stakeholders?
C. How do you address differences between you/your organization and your stakeholders?

Part 3a - Normative Questions on implications of personal virtues, the 'right' acting, the 'good', and exemplars

6. What makes a good fund manager in impact investing in your opinion (both financially and ethically) - and can you name or describe an ideal manager in your opinion? (HP) (SQs 4+5)

A. What would be ideal character traits of them?
B. What do you admire the most about them?

7. On the other hand, what would you consider bad practice in your field of work? (SQs 4+5)

A. What could go wrong in stakeholder management?
B. Can you name a negative example of such bad practice?

8. How much do intuition and your own experience influence your stakeholder management and decision-making? (HP) (SQ 5)

A. What is that intuition, how do you use it?
B. Does your intuition have an impact on positive relations with stakeholders?
C. How do your professional/personal experiences play a role?

Part 3b - Normative Questions on ideal stakeholder management and best-practices

9. How should one balance the two goals of impact investing, satisfying the expectations of your stakeholders (shareholders) and creating positive impact? (HP) (SQ 7)

A. Do you take in a specific role in your company regarding one of these two sides, or do you "lobby" for one side specifically? (or non specifically)
B. Do you see any difference in between the disclosed (Letter to shareholder, etc.) and the experienced (lived) quality of ethical stakeholder management?

10. What could constitute a good guiding principle or blueprint to provide a firm foundation of ethical impact investing? And do you follow one yourself? (SQ 7)

A. Can you share it with me?
B. Any guidelines, associations or forums?
C. What do you think about this framework?

B.2. Informed Consent Form

Participant's Informed Consent – TU Delft Master Thesis by Eric Buchold

Participant Information (PI)

You are being invited to participate in a research study titled **"The 'Virtuous Investor' - Stakeholder Management in the Impact Investing Ecosystem of the Benelux"**. This study is being done by the student **Eric Buchold** as part of a Master Thesis in Management of Technology at the **TU Delft**, Netherlands.

The purpose of this research study is to investigate **ethical stakeholder management practices in impact investing** in the Benelux area and will take you approximately **60** minutes to contribute within semi-structured **interviews**. The data will be used as a part of a Master Thesis, which could potentially lead to an academic Research Paper. We will be asking you to talk about your **personal experience and knowledge** on the impact investing ecosystem you are part of, to **reflect on character traits** you or associated actors possess, and to **discuss norms as well as best-practices in stakeholder management**.

As with any research activity, be it online or in person, the risk of a breach of data is possible. To the best of our ability your answers in this study will remain confidential. We will minimize any risks by **pseudo-anonymizing your personal data** and **data on your organization** which would allow **third parties** to identify you or your organization directly from the published results. Data on your activities and structure in a business context (e.g., number of employees, business sector specialization) will be integrated into the thesis **unless refused explicitly**. Your responses to interview questions **are being edited** (de-identified) if personal data on you, your business partners, or third parties (regulators, customers, competitors) has been accidently disclosed. With **the pseudo-anonymization of your identity** and the **editing of interview transcripts**, the risks to your public/professional reputation are mitigated. **No further risks** are anticipated to occur before, during, or after the interviews **to you or your environment**.

All data will be **handled solely by the interviewer** (the corresponding researcher) and processed by the same. Communications pre and post data collection are **handled by the same researcher**, who will store data on **an institutionally approved data storage at TUD**. The pseudo-anonymization is achieved by assigning designated labels which **do not allow** to draw conclusion on the origin of the participant. Your data will be archived and retained based **on two possible scenarios**:

The collected data will be **used for the result section** of a Master thesis, in which you will be **anonymous**. All personal data **will be preserved for up to 2 years** after the completion of the project and **may be reused** for future scientific and educational activities on the topic of "Business ethics in impact investing". Should the data be used for **publications**, you will be anonymous in those as well. Should we want to do anything else with the data, we will **reach out to you first**.

For transparency, the edited transcripts of your contribution **will be sent to you to** for your approval. If there are no comments on the transcripts by your side, your contribution will be processed **after 5 Business days**.

Important: Your participation in this study is **entirely voluntary** and you can withdraw at any time (before, during, and after). You are **free to omit** any questions.

Contact Details:

Corresponding Researcher:
Eric Buchold
2nd year Master Student in Management of Technology at the TU Delft, Netherlands

Responsible Researcher:
Dr.ir. Z. (Zenlin)t of Values, Technology and Innovation, Faculty of TPM, TU Delft, Netherlands Mail:

Figure B.1: The front page of the informed consent form informs the participant about the research conducted, their rights and obligations, as well as informs the reader about the relevant researcher to address.

Explicit Consent points (EC)

PLEASE TICK THE APPROPRIATE BOXES	Yes	No
A: GENERAL AGREEMENT – RESEARCH GOALS, PARTICPANT TASKS AND VOLUNTARY PARTICIPATION		
1. I have read and understood the study information **above**, or it has been read to me. I have been able to ask questions about the study and my questions have been answered to my satisfaction.	☐	☐
2. I consent voluntarily to be a participant in this study and understand that **I can refuse to answer** questions and **I can withdraw** from the study at any time, without having to give a reason.	☐	☐
3. I understand that taking part in the study involves: • Participating in a semi-structured interview, • Either in person or online, • which will be recorded using audio and written notes, • and transcribed as text, • to be further processed in qualitative research, • inside the Netherlands (what might be a different country than where I am situated)	☐	☐
B: POTENTIAL RISKS OF PARTICIPATING (INCLUDING DATA PROTECTION)		
4. I understand that taking part in the study also involves collecting specific personally identifiable information (PII) such as: • Name(s) • Email Addresses and/or other addresses for digital communication. • Telephone Number and associated personally identifiable research data (PIRD) additionally to PII such as: • The position and function within my organization. • Information on mental characteristics. • My relations to internal/external stakeholder associated with my function or position. • My academic and professional background. with the potential risk of my identity being revealed, the disclosure of confidential information on me, individuals as part of my organization and associated business partners.	☐	☐
5. I understand that personal information collected about me that can identify me, such as my name, or my email will not be shared beyond the study team.	☐	☐
C: RESEARCH PUBLICATION, DISSEMINATION AND APPLICATION		
6. I understand that after the interview the personal information I provide will be used for **qualitative research** that is part of the research within a Master Thesis (and a potential Research Paper), which are **accessible to the public.**	☐	☐
7. I agree that my responses, views, or other input can be quoted **anonymously** in research outputs.	☐	☐
D: (LONGTERM) DATA STORAGE, ACCESS, AND REUSE		
8. I understand that my contribution **will be** part of the result section of a **Master Thesis**. The Master Thesis will be stored in are repository which is open to the public. In this case**, all personal data collected (transcripts, audio recording and proof of consent) is deleted.**	☐	☐
9. I understand that my contribution **can be** part of the result section of a **Research Paper**. The Research Paper will not be accessible to the public. In this case**, all personal data collected (transcripts, audio recording and proof of consent) will be retained up to 2 years after publishing.**	☐	☐

Figure B.2: The second page of the informed consent form is to be checked by the participant, only if all boxes are checked, the participant can contribute to the research. Oral consent to the informed consent is a legal substitute according to the legal constitute of the TU Delft.

Signatures

_____	_____	_____
Name of participant [printed]	Signature	Date

Comments (if applicable):

Study contact details for further information: **Eric Buchold, e.buchold@student.tudelft.nl**

Figure B.3: The last page of the informed consent form is for the participant to sign. Again, the signature of the respondent was not obligatory as long as oral consent was provided and recorded with the transcript.

C

Impact Investing Landscape of the Benelux

This appendix-chapter contains the aggregated information on the **IICs and IFFs in the Benelux**, which were incorporated as part of the descriptive and empirical analysis conducted (see Section C.1) for the Netherlands (see Subsection C.1.1), Belgium (see Subsection C.1.2), and Luxembourg (see Subsection C.1.3). Additionally, most instances of IICs and their IIFs are part of, or signatories to, a wide range of ecosystem partners of different nature. Hence, based on the profound analysis of IICs conducted, a threefold analysis which includes a **three-tier collection of Ecosystem Partners** (see Section C.2) in relation to their association with the IIC-Selection (see Subsection C.2.1), their non-association but relevance to the ecosystem IIC-Selection (see Subsection C.2.2), and minor relevance to the ecosystem IIC-Selection (see Subsection C.2.3).

C.1. Lists of IICs and IIFs in the Benelux

This Section includes the aforementioned descriptive collection of IICs and IIFs data (see Section 2.3), whose descriptive items are being explained within Table C.1. Thereafter, the Subsections C.1.1, C.1.2, and C.1.3 contain information accumulated for IICs and/or their IIFs per individual member country of the Benelux.

Table C.1: This table depicts the descriptive items of interest to the reader of this research and explains its use in the context within the following subsections regarding the IICs and IIFs collection. Mind that the list of descriptions has similarities to the list of criteria, albeit due to reasons of informative value a selection of relevant descriptive data was made which align with the research objective.

Descriptor	Explanation
ID	Identification item: NL_X; BE_X; LU_X (internal).
Name(s)	Legal name of the impact investing firm (IIC) or name(s) of its fund(s) (IIFs).
Membership	Membership or other types of association to sustainable finance standards and regulations, such as ESG, SFDR, B Corporations, OPIM, etc. (see Section C.2).
Sector-Focus	Technological or socioeconomic focus area of the IIC/IIF (e.g., SaaS, AgriTech, Mobility).
Impact Goals	Related to the UN SDGs and ESG criteria. Expressed what the investments of an IIF aim to achieve. Varies from IIF to IIF.
Max. SFDR	The maximum SFDR disclosure level the found publicly discloses [max. 9].
SDG Criteria	Which of the 17 UN SGD Criteria the fund addresses with their impact investments. Each goal has specific targets, totaling 169 targets across all goals, and these targets are further measured by 231 unique indicators to track progress.
ESG	Application of the ESG framework by the IIC [Yes/No].

C.1.1. List of Dutch IICs & IIFs

Table C.2: This table contains the collected information of Dutch IICs or IIFs that were deemed suitable to the research objective and were fulfilling the criteria introduced within Table 2.2 in Subsection 2.3.1. Explanation to the individual descriptors are in Table C.1.

ID	Name	Membership	Sector-Focus	Impact Goals	Max. SFDR	SDG Criteria	ESG
NL_1	4impact	Co-Financing Our Future, PYM, PRI, NVP, UN Global Compact	Ventures in Europe with a focus on scalable software solutions that create a positive impact on society and the environment	Aligned with the UN's Sustainable Development Goals (SDGs), focusing on planet, people, and technology to drive transformative change	9	Yes: 3, 4, 5, 7, 8, 9, 10, 12, 13, 15	Yes
NL_2	ABN AMRO Sustainable Impact Fund	GIIN, PRI, NVP, UNEPFI, Operating Principles for Impact Management (social impact fund), Banking for Impact, Impact Finance Belgium, FAIRR, UN Global Compact	Strategic investments in technology companies (Energy, Built, Consumption) in the north-west of Europe	Aims to boost and accelerate innovation by investing in up-and-coming technology companies that are conducive to the sustainable transition	N/D	Yes: Any	Yes
NL_3	Achmea BV	VBDO, GIIN, PRI, NVP, UNEPFI, Social Finance NL, FAIRR	Promising companies with innovative business models in areas like sustainable living, carefree living and working, smart mobility, health, income security, and climate action.	Aims to invest in startups and scale-ups that lead to a positive impact on society.	N/D	N/D	N/D
NL_4	Anterra Capital BV	PRI	Specializes in investments across the food and agriculture technology sectors, including biotechnology and digital solutions that aim to transform the global food system.	Aims to sustainably transform the food economy, with a particular focus on improving outcomes for farmers, consumers, and the environment through innovative digital and biotech solutions.	N/D	N/D	N/D
NL_5	Aqua-Spark	PYM	Focuses on sustainable aquaculture businesses around the world. The firm invests in small-to-medium enterprises that work toward the production of safe, accessible aquatic life, such as fish, shellfish, and plants, in environmentally sustainable ways.	Aims to transform the aquaculture industry towards more sustainable and efficient practices, focusing on environmental impact and creating sustainable protein sources.	9	Yes: 2, 3, 6, 8, 12, 13, 14	Yes
NL_6	ASN Impact Investors	NAB, VBDO, GIIN, PRI	Sustainable development across various sectors, with a strong emphasis on biodiversity, climate change, and human rights.	Aims to make a net positive impact on biodiversity, support sustainable use of natural resources, and enhance human rights, all by 2030 + Focus on creating green jobs and contributing to local communities' prosperity.	N/D	Yes: Any	Yes
NL_7	BGV (BioGeneration Ventures)	NVP	Early-stage venture capital investments in European biotech companies, with a focus on innovative medical and healthcare innovations.	Building companies around single assets or technology platforms to create transformational new medicines	N/D	Yes: 3, 8	Yes
NL_8	Borski Fund Coöperatief UA	Social Finance NL	Broad sector focus, investing in companies with gender-diverse teams or those led by female entrepreneurs. It particularly supports companies that either have at least one female founder or are geared towards enhancing gender equality	Aims to reduce the gender gap in venture capital funding by supporting female entrepreneurs and gender-diverse teams, leveraging its investments to foster equality and fair opportunities	N/D	N/D	N/D

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ID	Name	Membership	Sector-Focus	Impact Goals	Max. SFDR	SDG Criteria	ESG
NL_9	Brightlands Venture Partners & NVP	Renewable chemistry	circularity, health tech & life sciences, and agritech & food sectors, aiming to accelerate sustainable businesses that address major environmental and health challenges	Targets significant societal impacts such as CO2 reduction and advancements in health, investing in leading recycling companies and key medical innovations within their portfolio.	9	Yes: Any	ESG
NL_10	Carbon Equity BV	PYM, Impact Finance Belgium	Focuses on decarbonization, investing primarily in climate technology through venture capital and private equity.	Facilitate substantial climate impact through investments, with a mission to enable investments that directly fund innovations needed to address climate change.	N/D	N/D	N/D
NL_11	CarbonFix BV	-	Focuses on organizations aiming to reduce or capture carbon emissions. Climate tech innovation.	Goal is to aid in reducing minimum of 1% of excess global warming by 2030 by supporting sustainable innovation.	N/D	N/D	N/D
NL_12	Cardano Development	PYM, NAB, VBDO, GIIN, Operating Principles for Impact Management, FAIRR	Focuses on financial and local capital market development in frontier and emerging markets. Aim to support projects that improve local economies, with an emphasis on financial instruments for sustainable development and local currency finance.	Aims to boost inclusive, sustainable, and resilient economic growth, aligning closely with the SDGs. Their initiatives target substantial economic impact and support for local communities through financial innovations and sustainable practices.	N/D	Yes: 17	Yes
NL_13	Chrysalix Netherlands BV (Chrysalix Netherlands)	NVP	Focuses on industrial innovation with a particular emphasis on energy and resource-intensive industries. Their investments target sustainable technologies and innovations that address climate challenges.	The firm aims to help resource-intensive industries achieve productivity and climate targets through hard science and breakthrough innovations.	5	N/D	Yes
NL_14	Circular Investment BV	PRI, B Corporation	Dedicated to investing in projects and companies that advance the principles of the circular economy, encompassing renewable energy, biodiversity conservation, and sustainable resource management.	Aim is to contribute to a sustainable circular economy where economic activities lead to environmental regeneration and social benefits.	N/D	Yes: 9, 12, 13, 15	N/D
NL_15	Climate Fund Managers BV	NAB	Financing infrastructure projects aimed at climate change mitigation and adaptation across emerging markets, focusing on renewable energy, water, sanitation, and oceans infrastructure.	Mitigate and build resilience against climate change in the areas most affected by its consequences, projects contribute to substantial reductions in greenhouse gas emissions and provide clean energy solutions.	9	Yes: 5, 7, 8, 9, 13, 17	Yes
NL_16	Coöperatie Social Impact Fonds Rotterdam (SIFR) UA	Impact Europe, Social Finance NL	Invests in social entrepreneurship with the aim to address significant social challenges within Rotterdam.	Aims to create substantial improvements in various difficult urban issues, including employment and social inclusion.	N/D	N/D	N/D
NL_17	Coöperatieve Wire Group UA	PYM, NAB	Focuses on making the impact investing sector in the Netherlands more professional and accessible, thus non-sector specific	Shape a values-driven economy and make impactful investing accessible in the Netherlands, fostering well-being in alignment with environmental and societal sustainability.	N/D	N/D	N/D

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ID	Name	Membership	Sector-Focus	Impact Goals	Max. SFDR	SDG Criteria	ESG
NL_18	Cottonwood Technology Fund	NVP	Specializes in early-stage investments in deep tech and hard science startups. They focus on sectors like photonics, micro- and nanoelectronics, advanced materials, sensor technology, and more.	Aims to drive significant advancements in technology and innovation through its investments, fostering development in high-tech fields that are poised for substantial growth.	N/D	Yes: 3, 7, 9, 11, 13	N/D
NL_19	DeeptechXL Fund Management BV	PRI, NVP	Focused on deep-tech sectors, aiming to address grand societal challenges as defined by the SDGs, particularly in healthcare, energy transition, sustainability, security, and food.	Aims to drive innovation and growth in deep-tech industries, leveraging a strong ecosystem and partnerships with major corporations and research institutes to accelerate market entry and scaling of ventures. Their goal is to contribute significantly to sustainable economic success and high-value employment in high-tech manufacturing.	9	Yes: Any	Yes
NL_20	DOEN Participaties	Co-Financing Our Future, Social Finance NL, OECD Social Impact Investment Initiative	Focuses on investing in sustainable energy, the circular economy, sustainable food systems, and social inclusion.	Achieving a positive impact on society by supporting sustainable or socially inclusive startups. They aim to foster a green, socially inclusive, and creative world.	N/D	N/D	N/D
NL_21	Dutch Fund for Climate and Development (DFDC) - Managed by: Climate Fund Managers (CFM), World Wide Fund for Nature Netherlands (WWF-NL) and SNV Netherlands Development Organization, led by the Dutch Entrepreneurial Development Bank, FMO.	(see FMO)	Supports projects aimed at climate adaptation and mitigation, aiming to improve the resilience of vulnerable communities and ecosystems.	Aims to enhance the wellbeing, economic prospects, and livelihoods of vulnerable groups, particularly focusing on women and youth, as well as enhancing the health of critical ecosystems.	N/D	Yes: Any	Yes
NL_22	ECFG Venture Capital B.V.	NVP	Specializes in venture capital investments primarily targeting SMEs in the business-to-business segment. Their investment strategy emphasizes sectors where high-tech solutions can contribute to sustainable development.	Aims to foster sustainability through investments in high-tech solutions that contribute to a more sustainable world. Their focus extends to enhancing value and operational efficiency in their portfolio companies, guiding them towards successful exits + ESG	N/D	Yes: 5, 8, 10	Yes
NL_23	Fair Capital Partners Impact Investing	Co-Financing Our Future, PYM, VBDO, NVP, B Corporation, Social Finance NL	Committed to sustainable asset management, emphasizing investments that balance the interests of people, the planet, and profit. The firm integrates sustainability as the principal criterion for investment selections	Aims to contribute to a just world where human and natural systems are in harmony. They focus on sustainable and impact investments that create positive social impacts while also seeking financial returns	4	N/D	Yes
NL_24	FMO Entrepreneurial Development Bank (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden NV)	NAB, VBDO, UNEPFI, Operating Principles for Impact Management, Social Finance NL	Sectors that include agribusiness, food & water, energy, and financial institutions, aiming to foster sustainable, inclusive growth with high impact on development.	Promoting sustainable development in emerging markets, with a strong focus on sectors that have a direct impact on development. It supports the SDGs.	N/D	Yes: Any	Yes

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ID	Name	Membership	Sector-Focus	Impact Goals	Max. SFDR	SDG Criteria	ESG
NL_25	FORWARD.one Management BV	PRI	Invests in European hardware innovations, particularly in semiconductors, climate tech, and high tech.	Aims to drive technological advancements by supporting startups with disruptive innovations, particularly those that can significantly impact large international markets.	8	N/D	Yes
NL_26	FOUNT	-	Driving social and environmental impact alongside reasonable financial returns, primarily in emerging markets (multi sector)	Aims to generate measurable impact with viable and scalable business models, helping clients achieve social and environmental objectives .	N/D	Yes: Any	N/D
NL_27	Future Food Fund	Co-Financing Our Future	Agrifood tech startups, concentrating on early-stage companies that innovate in the food and agriculture value chains, with a significant emphasis on sustainability and transformative technologies.	Target to transform the food and agriculture systems by supporting startups that foster regenerative agriculture, zero-impact foods, and circular systems, contributing to environmental sustainability.	5	N/D	Yes
NL_28	Gilde Healthcare Partners BV ("GHP")	PRI, NVP	Invests in healthtech and therapeutics with a strong emphasis on innovative companies in Europe and North America. They operate across two main fund strategies: Venture & Growth and Private Equity.	Committed to investing in healthcare innovations that enhance patient care efficiency and cost-effectiveness. Their mission is supported by a dedicated Impact Council to ensure alignment with their goals.	9	N/D	Yes
NL_29	Global Cleantech Management BV	PRI	Invests in companies across clean energy, mobility, smart cities, and fintech sectors. They focus on scaling high-growth companies into new market leaders within the clean economy.	Aims to accelerate the transition to a clean economy by investing in companies and technologies that can significantly reduce environmental impacts and advance sustainable practices.	N/D	N/D	Yes
NL_30	Goodwell Investments BV	PYM, NAB, PRI	Investments in financial inclusion, fintech, and inclusive growth in sectors that provide basic goods, services, and income generation opportunities to underserved populations, primarily in Africa and India.	Foster inclusive growth, improve financial access, and address significant social and environmental challenges through their investments.	9	Yes: 1, 2, 3, 4, 5, 7, 8, 9, 10, 14	Yes
NL_31	Grounded Investment Company BV	PYM	Investing in agricultural enterprises in Africa, particularly in the processing of non-perishable high-value crops such as tea, spices, and herbs. They emphasize regenerative agricultural practices and improving the agricultural sector in Africa.	Aims to improve and develop the agricultural sector in Africa, promoting regenerative farming systems and sustainable agriculture.	9	N/D	N/D
NL_32	Horticoop	NVP	Cooperative that focuses on investing in innovative solutions within the horticulture chain. This involves supporting advancements in agricultural technologies and processes related to horticulture.	Aims to support sustainable and innovative advancements within the horticulture industry, helping to modernize and improve efficiency within the sector.	N/D	Yes: 2, 3, 12, 13	Yes
NL_33	HPE Growth BV	PRI, B Corporation	Specializes in technology companies in the Benelux and Germany, focusing on sectors like SaaS, FinTech, Digital Health, and Climate Tech	Aims to foster positive change through technology, emphasizing sustainable practices and the growth of companies that contribute beneficially to society	9	Yes: Any	Yes

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ID	Name	Membership	Sector-Focus	Impact Goals	Max. SFDR	SDG Criteria	ESG
NL_34	ICOS Capital	NVP, Invest Europe	Specializes in venture and growth capital investment, focusing on sectors like food systems, chemicals, materials, and decarbonization.	Aims to support sustainable technologies that significantly contribute to decarbonization and resource efficiency.	9	Yes[Any	N/D
NL_35	Impact Equity Fund	-	Committed to providing patient capital to innovators tackling significant global challenges such as climate change and global warming, aiming to build resilient systems with the capacity for infinite renewal.	Focuses on critical global issues like climate change, aiming to keep global warming within 1.5 °C in alignment with the Paris Accord.	N/D	N/D	N/D
NL_36	Inclusive Impact Investments BV	-	Specializes in financing and supporting SMEs in Africa and Asia, aiming to create a positive social impact on the livelihoods of the people directly involved in the businesses they support as well as the wider society.	Mission is to defeat poverty in developing countries by supporting socially dedicated entrepreneurs who can contribute to sustainable, large-scale economic development and social impact.	N/D	Yes: 1, 2, 5, 8, 12	N/D
NL_37	Infinity Recycling BV	PRI, NVP	Focuses on creating markets for end-of-life waste streams by investing in advanced recycling technologies that enable circularity in the plastics industry.	Accelerate the transition to a circular economy for plastics by investing in technologies that enable the conversion of plastic waste streams into primary commodities used for the production of new plastics.	9	Yes: 5, 9, 12, 13	Yes
NL_38	Innovatiefonds Noord-Holland B.V.	-	Targets startups and SMEs within Noord-Holland, focusing on innovative projects that require proof of concept.	Aims to drive regional economic growth through innovation in various industries, leveraging funding from the European Regional Development Fund and other sources.	N/D	N/D	N/D
NL_39	Innovation Industries	PRI, NVP	Groundbreaking technologies capable of addressing critical challenges in sectors like high-tech, med-tech, and food & agri tech.	Aims to catalyze positive change through investments that support environmental, social, and corporate governance (ESG) goals, with a focus on both late-stage startups and early-stage founders who contribute meaningfully to their industries.	9	Yes: Any	Yes
NL_40	InnovationQuarter - Manages: Uniiq, IQCapital; Energiiq	NVP	Focuses on sectors such as deeptech, life sciences, high-tech, energy, and aerospace, with a special emphasis on sustainable and disruptive technologies.	Aims to create a cleaner, smarter, and healthier world by funding disruptive startups and scale-ups. They emphasize sustainable development and economic growth in the Zuid-Holland region.	N/D	N/D	N/D
NL_41	Invest International BV	UN Global Compact	Focuses on sectors where the Netherlands has competitive advantages, such as Agri-food, Energy & Climate, Healthcare, Sustainable Manufacturing, and Water & Infrastructure	Aims to contribute to the UNs' SDGs and strengthen the competitive position of the Netherlands globally. They focus on supporting projects that address global challenges such as climate change, biodiversity, and food and housing issues.	N/D	Yes: 2, 3, 6, 7, 8, 12, 13	Yes
NL_42	Invest-NL NV	Co-Financing Our Future, NAB, NVP, Social Finance NL, Circle Economy, UN Global Compact	Financing the energy transition and innovative scale-ups, with particular attention to electrification and energy, circularity, agrifood, and the built environment. They also focus on industrial technologies and innovative fast-growing companies	Aims to make the Netherlands more sustainable and innovative. Their goal is to significantly increase the availability of risk capital for energy transition and support the scale-up of young, innovative companies in the Netherlands	N/D	Yes: 3, 6, 7, 8, 9, 11, 12, 13, 14, 15	Yes

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ID	Name	Membership	Sector-Focus	Impact Goals	Max. SFDR	SDG Criteria	ESG
NL_43	LUMO Labs BV	PRI, NVP	Focuses on AI/Data, Blockchain, Robotics/Drones, IoT, VR/AR, with a commitment to addressing social challenges through emerging technologies. Their investments are targeted towards sustainable cities and communities, health and wellbeing, and quality education	Dedicated to creating impact-driven ventures that leverage technology to address critical social challenges, promoting sustainable development and improving health and education	8	Yes: 3, 4, 11	Yes
NL_44	Mentha	-	Focuses on the lower mid-market in the Benelux region. Typically invests cross-sectorial.	Committed to sustainable investing, integrating sustainability into the growth plans of its portfolio companies to enhance their strength, growth, and profitability.	N/D	N/D	Yes
NL_45	Move Energy VC	-	Focuses on sustainable energy (generation, distribution, and storage) and sustainable mobility, aiming to contribute to solving mobility challenges and fighting global warming.	Aims to actively contribute to sustainability by investing in ventures that align with global needs for sustainable energy and mobility solutions.	N/D	N/D	Yes
NL_46	N.V. Industriebank, Limburgs Instituut voor Ontwikkeling en Financiering (Industriebank LIOF)	NVP	Supports innovative entrepreneurs in the Limburg region with advice, networking, and financing. It aims to strengthen the economic structure of Limburg by supporting SMEs with innovative ideas and companies seeking to establish in the region.	Main goal is to make Limburg economically stronger by supporting local businesses and attracting new business to the region.	N/D	N/D	N/D
NL_47	Navus Ventures BV	-	Focuses on high-tech and sustainable startups and scale-ups, particularly in the transitions of food and energy.	Aims to support the sustainable transition in food and energy, contributing to technological and ecological advancements in these sectors.	N/D	N/D	N/D
NL_48	NextGen Ventures	NVP	Invests in a variety of industries, including Enterprise Systems (Healthcare), Healthcare Technology Systems, and Decision/Risk Analysis, focusing on early-stage and seed investment stages.	Investing in solutions that support a sustainable business ecosystem and leverage current technologies to create platforms for business and individual connectivity, creation, and collaboration.	8	Yes: 3, 8, 12	Yes
NL_49	NLC Ventures Netherlands BV	Impact Europe, NAB, NVP	Focuses on healthtech innovations, covering a wide spectrum including medical devices, biotechnology, digital health, and green health. They specialize in building companies around groundbreaking healthcare solutions, particularly those emerging from academic research and patents.	Dedicated to transforming healthtech inventions that often struggle to reach the market due to early-stage funding gaps or lack of business expertise. They aim to create sustainable healthcare businesses that can deliver significant societal impact, addressing needs in various therapeutic areas like Alzheimer's, cancer, and more.	9	Yes: 3	Yes
NL_50	NV NOM, Investment and Development Company for the Northern Netherlands (NOM).	NVP, Social Finance NL	Providing venture capital to startups and established companies across various stages, including management buy-ins, buyouts, and acquisitions.	General aim is to support the sustainable economic development of the Northern Netherlands.	N/D	N/D	N/D
NL_51	Orange Wings Investment BV	-	Focuses on energy transition, agritech, marketplaces, conservation, food provisioning, and social impact. They target scale-ups that have potential for positive social or environmental impact.	Aims to support entrepreneurs making positive social or environmental impacts, helping them accelerate much faster than they would on their own.	N/D	N/D	N/D

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ID	Name	Membership	Sector-Focus	Impact Goals	Max. SFDR	SDG Criteria	ESG
NL_52	Partners in Equity	-	Focuses on investments in (Regenerative) Agriculture & Food, and Circularity & Climate Solutions. The firm aims to support businesses that align with the SDGs.	Dedicated to creating sustainable impact at scale and being a catalyst for positive change, supporting businesses that foster sustainable ecosystems.	N/D	Yes: Any	N/D
NL_53	Phase2.Earth	Co-Financing Our Future	Cross sector investments with focus on sustainable transition technologies, agritech, energy, and resource sector	Aims at sustainable growth of industries generating scalable societal and environmental impact.	9	Yes: Any	Yes
NL_54	Polestar Capital (Finquiddity Vermogensbeheer BV)	Co-Financing Our Future	Focuses on the circular economy and climate action, providing debt financing to projects that support ecological impacts, such as carbon emissions reduction and waste management.	Aims to significantly impact the ecological footprint by investing in projects that reduce carbon emissions and promote sustainable waste management practices.	5	Yes: Any	Yes
NL_55	Positron Ventures	NVP	Invests in European science startups that tackle major global challenges across sectors such as biopharmaceuticals and high-tech industries.	Aims to significantly impact science and technology by supporting early-stage startups that can scale up to address critical global issues, from health to sustainable energy.	N/D	N/D	N/D
NL_56	Pymwymic Investment Management BV	Co-Financing Our Future, PYM, B Corporation, FIN (DIIF), Social Finance NL	Focuses on sectors contributing to more sustainable food systems and preserving Earth's ecosystems.	Aims to generate positive ecological and social returns alongside financial returns, influencing the broader industry towards sustainable and impact-driven investment practices.	9	Yes: Any	N/D
NL_57	Rockstart Enterprises BV	NVP	Focuses on three sectors: Energy, AgriFood, and Emerging Technologies.	Aims to empower founders to drive positive change on a global scale, focusing on sustainability and innovation.	N/D	Yes: 2, 3, 7	Yes
NL_58	ROM InWest BV (PDENH)	Co-Financing Our Future (PDENH), Social Finance NL	Primarily engaged in fostering regional economic development and sustainability. It supports innovative and sustainable business models, particularly those that can positively impact the regional and circular economy.	Aims to stimulate the regional economy by supporting sustainable and innovative businesses that align with North Holland's development goals. It focuses on projects that can make a substantial environmental and economic impact within the region.	N/D	N/D	N/D
NL_59	Rubio Impact Ventures (Rubio Fund Management BV)	Co-Financing Our Future, NAB, PRI, NVP, B Corporation, UN Global Compact, Social Enterprise NL	Focuses on investments that drive positive change in circular solutions, people power, and healthy system	Positive impacts in society through scalable and sustainable business solutions.	9	Yes: 2, 6, 7, 9, 12	Yes
NL_60	Sanguine Impact Investment	-	Focuses on critical infrastructure in sectors like renewable energy, providing innovative and sustainable solutions for emerging markets and developing economies. Their main geographic focus includes the Asia Pacific region and Sub-Saharan Africa.	Aims to create enduring jobs, enable economic development, and build sustainable communities while producing strong commercial returns. They target critical gaps in infrastructure to foster inclusive growth and sustainable, resilient communities.	N/D	Yes: 1, 5, 6, 7, 8, 9, 11, 13, 17	N/D

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ID	Name	Membership	Sector-Focus	Impact Goals	Max. SFDR	SDG Criteria	ESG
NL_61	Set Ventures	Co-Financing Our Future, NVP	Focuses on advancing a carbon-free energy system by investing in digital technologies. Their investments are centered on solutions for effective balancing of intermittent renewable generation, smart energy distribution and storage, and promoting efficient energy use.	Committed to shaping the future energy system to achieve net-zero energy, emphasizing the need for new business models and applications alongside science and engineering.	9	N/D	ESG
NL_62	Shamrock Ventures Coöperatief UA	-	Tech companies that create environmental and social impact in the circular economy, sustainable mobility, cleantech, food and agritech sectors.	To close the funding gap in the early phase for purpose-driven tech startups and offer active support to ensure their success to create positive impact aligning with their vision.	9	Yes: 7, 9, 11, 12, 13, 15	ESG
NL_63	Shift Invest (NBI Investors BV)	Co-Financing Our Future, NVP	Focuses on innovations related to food & agriculture, green industries, energy transition, and sustainable mobility & logistics. Their investments aim to have a positive environmental impact.	Aims to contribute to environmental sustainability by supporting disruptive technologies and solutions that address significant challenges such as climate change, biodiversity loss, and natural resource depletion.	N/D	Yes: Any	Yes
NL_64	StartGreen Capital (CL Venture Partners BV)	Co-Financing Our Future, PYM, NAB, NVP, Social Finance NL	Specializes in sustainable and social investments, focusing on clean tech and other sectors promoting a sustainable economy.	Aims to build a sustainable economy that does not exhaust resources and where everyone can participate to their full potential.	N/D	Yes: 5, 7, 9, 12	Yes
NL_65	Stichting ifund	Co-Financing Our Future	Sustainable provision of energy, food, water, and resources.	To support and advance the transition to a sustainable world through innovative social enterprises	N/D	N/D	N/D
NL_66	Thuja Capital Management BV	PRI, NVP	Specializes in early-stage investments in life sciences, focusing on novel therapeutics, medical devices, digital health, and nutraceuticals.	Aims to leverage good science with entrepreneurship and capital to accelerate innovative, affordable medical products to patients, thus pairing financial returns with positive impacts on health and well-being.	N/D	Yes: 3, 5, 8, 9	Yes
NL_67	Triodos Investment Management BV - Manages: Food Transition Europe Fund	Impact Europe, NAB, GIIN, PRI, UNEPFI, Social Finance NL, Impact Finance Belgium, FAIRR	Focuses on sustainable and responsible investments across several key sectors including energy and climate, sustainable real estate, microfinance, and fair trade.	Aims to make money work for positive social, environmental, and cultural change. They are committed to investments that contribute to a sustainable and fair society.	9	Yes: Any	Yes
NL_68	Triple Jump	NAB, GIIN, PRI, Operating Principles for Impact Management, Social Finance NL	Focuses on impact investing with a mission to provide responsible investment solutions that contribute to financial and social development. This includes areas such as financial inclusion, SME financing, and affordable housing.	Aims to contribute to a sustainable world where income and wealth are distributed more equitably and where people have control over their own lives and development.	N/D	Yes: 1, 5, 6, 7, 8, 10, 15	Yes
NL_69	Truvalu BV	UN Global Compact	Focuses on investments in the biotech, healthcare, and life sciences industries.	Aims to positively influence the biotech and healthcare sectors with an emphasis on innovation and substantial social impact.	N/D	Yes: 5, 8, 12, 13, 17	N/D

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ID	Name	Membership	Sector-Focus	Impact Goals	Max. SFDR	SDG Criteria	ESG
NL_70	UIV BV (Urban Impact Ventures)	PRI	Focuses on supporting the sustainable transformation of cities with an emphasis on decarbonization and circularity	Transition towards a more sustainable society and environment, especially in urban settings. They are aligned with the UN 2030 Agenda for Sustainable Development	9	Yes: 6, 7, 8, 9, 11, 12, 13	Yes
NL_71	Una Terra Venture Capital Impact Fund	Impact Europe	Focuses on the circular economy, specifically targeting solutions that contribute to biodiversity regeneration and climate neutrality. Their investments span sectors like packaging, waste, materials/fashion, food, and energy.	Targets the removal of 2 Gt of CO2e and 1 Mt of plastic waste annually by 2030, aligning its operations with the SDGs and other global initiatives.	9	Yes: 7, 9, 11, 12, 13, 14, 15, 17	Yes
NL_72	World Fund VC (WF World Fund Management GmbH)	-	Climate tech venture capital firm, focusing on investing in technologies and startups that have significant emissions savings potential. Their focus sectors include Energy, Food and Agriculture, Manufacturing, Buildings, and Mobility.	Aims to help decarbonize the global economy by supporting startups and technologies that can make a significant reduction in emissions. They seek to create scalable and impactful solutions across critical sectors of the economy.	9	N/D	Yes
NL_73	XSML Capital	Operating Principles for Impact Management	Providing growth capital to small and medium-sized enterprises (SMEs) in challenging markets in Central and Eastern Africa.	Grow small businesses into medium and large enterprises, enhancing economic development in frontier markets through job creation and improved access to goods and services.	N/D	Yes: 5, 8, 10, 13, 17	Yes

C.1.2. List of Belgian IICs & IIFs

Table C.3: This table contains the collected information of Belgian IICs or IIFs that were deemed suitable to the research objective and were fulfilling the criteria introduced within Table 2.2 in Subsection 2.3.1. Explanation to the individual descriptors are in Table C.1.

ID	Name	Membership	Sector-Focus	Impact Goals	Max. SFDR	SDG Criteria	ESG
BE_1	Agri Investment Fund BV	BVA	Investment in agriculture and horticulture sectors, particularly Ag-Tech and Agro-Food companies.	Aims to develop the agricultural sector into one that is strong, sustainable, and capable of meeting global food needs while reducing environmental impacts.	N/D	Yes: 2, 3, 6, 8, 12, 14, 15	Yes
BE_2	Belgian Investment Company for Developing countries (BIO)	Operating Principles for Impact Management	Focuses on supporting a strong private sector in developing and emerging countries, to enable them to access growth and sustainable development within the framework of the SDG.	Aims to contribute to sustainable development in developing countries by supporting private sector growth and accessibility to financial services.	N/D	Yes: 1, 7, 8, 9, 10	N/D
BE_3	Capricorn Partners NV	PRI, BVA	Focuses on innovative companies in digital technologies, health, and clean technologies.	Aim to create financial returns and strategic value, investing in companies that positively impact people and the planet.	9	Yes: Any	Yes
BE_4	Change (Crédal Social Innovation Fund Scrl)	FEBEA, Impact Finance Belgium	Targets social entrepreneurs and innovations that positively impact society, aiming to support the growth and scale of social enterprises across borders.	Emphasizes people, the planet, prosperity, peace, and partnerships. It focuses on empowering social innovators who can bring about significant societal change.	N/D	Yes: 1, 2, 3, 4, 5, 7, 8, 10, 12, 13	N/D
BE_5	Finance&Invest.Brussels SA	BVA	Invests in a variety of sectors including business products and services, consumer products and services, IT, healthcare, and SaaS. They are particularly focused on seed-stage, early-stage, growth-stage, and later-stage companies.	Aims to stimulate the regional economy by supporting local businesses, thereby creating jobs and adding value to the region.	N/D	N/D	N/D
BE_6	Finindus NV	BVA	Focus on early-stage and growth companies that are bringing innovative smart and green industrial technologies to market.	Aims to maximize long-term value creation for all stakeholders, supporting technological advancements with potential for significant social and environmental benefits.	N/D	Yes: 7, 8, 9, 12, 13, 14, 15	N/D
BE_7	Gimv NV	PRI, NVP (Nederland), BVA	Invests across five strategic platforms: Consumer, Healthcare, Life Sciences, Smart Industries, and Sustainable Cities. These areas reflect the firm's commitment to societal challenges such as digitalization, healthcare, sustainable food, and energy transition	Focuses on creating a better economy and a more sustainable society by partnering with companies that drive innovation and value in critical sectors such as healthcare, sustainable cities, and smart industries	N/D	Yes: 2, 3, 6, 7, 8, 11, 13, 15	Yes
BE_8	Impact Expansion Management Sàrl (by KOIS)	(see KOIS)	Focuses on companies with high growth potential that contribute significantly to reducing environmental footprints.	Dedicated to improving organizational effectiveness through mindful management and impactful growth strategies that lower environmental impacts.	9	Yes: 3, 4, 7, 8, 10, 13	ESG
BE_9	Impact Shakers	PYM, Impact Europe	Supports underrepresented founders through investments and accelerator programs focusing on societal and environmental challenges.	Aims to level the playing field for diverse entrepreneurs and create systemic change through entrepreneurship.	N/D	N/D	N/D

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ID	Name	Membership	Sector-Focus	Impact Goals	Max. SFDR	SDG Criteria	ESG
BE_10	Incofin (Investment Management NV)	Impact Europe, PYM, B Corporation, Operating Principles for Impact Management	Focuses on promoting inclusive progress through investments in rural and agricultural finance, financial inclusion, and sectors such as water access and sustainable agriculture.	Aims to create substantial social and environmental impact alongside financial returns, focusing on financial inclusion, improving living standards in agricultural communities, and sustainable development.	9	Yes: 1, 2, 5, 6, 8, 12, 13	Yes
BE_11	Inpulse Investment Manager SC	FEBEA	Focus is on impact investments across Europe, the MENA region, and beyond, particularly in sectors that promote social and financial inclusion	Committed to creating financial and social inclusion by developing agricultural value chains, setting up infrastructure, building healthcare facilities, and supporting SMEs and the social economy.	9	Yes: 1, 5, 8, 10, 17	ESG
BE_12	Inventures Investment Partners SA	BVA	Focuses on investments that align with societal goals including health, education, environment, economic growth, and social progress.	Aims to generate both financial and social returns, supporting early-stage smart and innovative businesses in Europe that contribute to sustainable development.	N/D	Yes: Any	N/D
BE_13	Invest.BW (Societe d'investissement et de financement du Brabant Wallon)	BVA	Focuses on financing entrepreneurial challenges, particularly in sectors that align with the strategic development axes of Wallonia, including technological clusters.	Aims to support projects that have a positive environmental, societal, and economic impact on Wallonia. It is notably the first zero-carbon certified investor in Wallonia.	N/D	N/D	N/D
BE_14	Junction Growth Partners BV	BVA	Specializes in the energy transition sector, backing companies that develop solutions contributing to clean energy production, energy efficiency, and overall climate change mitigation	Aims to invest in technologies that significantly reduce greenhouse gas emissions and support the transition to a net-zero carbon economy. Their Environmental, Social, and Governance (ESG) policy underlines a commitment to making substantial progress on sustainability and minimizing harm throughout their investment processes	9	Yes: Any	Yes
BE_15	Kampani	Impact Europe	Invests in businesses of producer organizations of smallholder farmers in the South, focusing on the agro-food value chain.	Aims to unlock the potential of entrepreneurial farming to fight poverty and promote development in rural regions, improving smallholder farmers' incomes and positions within agricultural product chains.	N/D	N/D	N/D
BE_16	KOIS	Impact Europe, PYM, Impact Finance Belgium	Specializes in impact investing and innovative finance, focusing on sectors like healthcare, education, and sustainable living.	Aims to generate both financial returns and social impact, focusing on outcomes-based and innovative finance mechanisms.	N/D	Yes: Any	Yes
BE_17	Korys Investments NV	-	Focuses on three main investment themes: Conscious Consumer, Energy Transition, and Healthy Living. They aim to create a thriving ecosystem where companies under these themes complement and enhance each other, thereby amplifying their impact.	Aims to generate a positive impact on human and planetary well-being. They invest in companies and projects that address significant social and environmental challenges, promoting sustainability and health.	N/D	N/D	N/D

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ID	Name	Membership	Sector-Focus	Impact Goals	Max. SFDR	SDG Criteria	ESG
BE_18	Newton Biocapital	BVA	Biotech and life sciences, specifically targeting the prevention and treatment of chronic diseases in Europe and Japan.	Aims to impact patient care through investments in innovative treatments for chronic conditions, supporting projects that offer both societal benefits and commercial potential.	N/D	N/D	Yes
BE_19	Noshaq SA	-	Invests in various sectors including biotechnology, digital, industry 4.0, real estate, agri-food, cultural industry, energy, and sustainable development.	Aims to support the creation and development of SMEs in the Liege region, enhancing economic growth and innovation.	N/D	N/D	N/D
BE_20	Qbic Fund (Qbic Venture Partners II and Qbic Venture Partners III)	PRI, BVA	Invests in spin-offs and start-ups that valorize research from its knowledge partners in sectors like deeptech, software, biotech, and medtech.	Aims to transform technological breakthroughs into sustainable businesses, supporting the economic valorization of academic and scientific research.	8	Yes: Any	Yes
BE_21	Sambrinvest SA	-	Focuses on investing in companies that are technologically innovative or have the potential for significant social impact.	Aims to support the growth and development of companies within its region, focusing on those with potential technological innovations or significant social impacts.	N/D	N/D	N/D
BE_22	SFPIM (Société Fédérale de Participations) Et d'Investissement	BVA	Invests across a variety of sectors deemed strategic for the Belgian economy, including life sciences, finance, aviation, energy, utilities, transport, mobility, and impact investing.	Aims to ensure long-term stability and growth of the Belgian economy by investing in both promising and established companies.	N/D	Yes: Any	Yes
BE_23	Shaping Impact Group NV	Impact Europe, PYM, Social Finance NL	Focuses on providing growth capital to impact-driven companies that offer strong solutions to social and environmental challenges, helping to shape a fair, green, healthy, and inclusive society.	Aim is to significantly improve opportunities for disadvantaged groups and ensure equity and justice, with a mission to generate the highest possible societal return.	N/D	N/D	N/D
BE_24	Telos Impact (Fund: Stellar Impact)	BVA, B Corporation, Impact Finance Belgium	Specializes in Impact Investing, Venture Philanthropy, and Corporate Social Responsibility (CSR) strategy, working across various sectors to address societal challenges.	Aims to create a more sustainable and resilient world by implementing solutions to societal challenges and supporting clients in maximizing their positive impact on society.	9	Yes: Any	ESG
BE_25	Trividend CV	Impact Europe	Cross sector impact investing in social enterprises in the Belgian region of Flanders.	Aims to fund ventures that generate positive impact to the region of Flanders. Build sustainable companies and creating jobs.	N/D	Yes: Any	Yes
BE_26	V-Bio Ventures	BVA	Specializes in the life sciences sector, focusing on therapeutics, diagnostic therapies, and sustainable agriculture across Europe.	Aims to build and finance innovative life science companies, contributing to effective healthcare and sustainable agriculture solutions.	N/D	N/D	Yes
BE_27	Vives Partners (Sopartec SA)	BVA	Invests in a variety of sectors including healthcare, agriculture, manufacturing, life sciences, the internet of things, and technology, media, and telecommunications (TMT).	Aims to support the development of innovative startups that originate from academic research, particularly from the Université catholique de Louvain (UCLouvain), and are capable of generating significant societal impact.	N/D	Yes: Any	Yes

C.1.3. List of Luxembourgian IICs & IIFs

Table C.4: This table contains the collected information of Luxembourgian IICs or IIFs that were deemed suitable to the research objective and were fulfilling the criteria introduced within Table 2.2 in Subsection 2.3.1. Explanation to the individual descriptors are in Table C.1.

ID	Name	Membership	Sector-Focus	Impact Goals	Max. SFDR	SDG Criteria	ESG
LU_1	3B Future Health GP Sàrl	PRI	Specializes in oncology and rare diseases therapeutics, focusing on companies that have potential first-in-class assets and revolutionary insights.	Aims to bring life-changing treatments to patients with cancer or rare diseases, ensuring high-quality, integrity, and respect in their operations.	8	Yes: 3, 5, 8, 9	Yes
LU_2	Amethis Investment Fund Manager SA (by Edmond de Rothschild)	PRI, Operating Principles for Impact Management	Provides growth capital to promising midcap champions in various sectors, focusing primarily on the African continent but also targeting European SMEs for expansion into Africa.	Integrates responsible investment into its core principles, focusing on creating economic, social, and environmental impacts alongside financial performance. It aims to support the development and institutionalization of family-owned SMEs and midcaps in Africa.	9	Yes: Any	Yes
LU_3	Astanor GP Sàrl (here or Belgium)	PYM, PRI, BVA, B Companies, Operating Principles for Impact Management (Good Harvest), Impact Finance Belgium, FAIRR	Specializes in agrifood tech, aiming to invest in companies that can revolutionize food systems towards sustainability. They target technology-enabled companies across the agrifood value chain	Aims to support sustainable and regenerative agriculture, contributing to food security, reducing environmental impacts, and promoting biodiversity	9	Yes: Any	Yes
LU_4	Bamboo Capital Partners	PRI, Operating Principles for Impact Management, UN Global Compact, LUXFLAG	Focuses on financial inclusion, access to clean energy, healthcare, and agribusiness. They target technology and data analytics as tools to scale essential services for low- to middle-income populations	Aims to improve the lives of low- to middle-income populations in emerging markets. Their impact efforts have positively affected millions, supported thousands of jobs, and significantly reduced CO2 emissions	9	Yes: 1, 2, 3, 4, 5, 7, 8, 9, 10, 12, 13, 17	Yes
LU_5	Blue like an Orange Sustainable Capital Fund GP Sàrl	LUXFLAG	Invests in a range of sectors including SMEs, renewable energy, sustainable infrastructure, healthcare, education, financial services, and agribusiness. Their investments primarily focus on generating social and environmental impacts aligned with the Sustainable Development Goals (SDGs)	Aims to foster inclusive and sustainable growth while managing investments for social and environmental impact. This approach includes cooperating with Development Finance Institutions to evaluate impacts against quantifiable benchmarks	9	Yes: Any	Yes
LU_6	Funds For Good SA (HQ Luxembourg - also office in Belgium)	Febelfin, B Companies, Impact Finance Belgium	Invests in microfinance institutions, ethical banks, financial intermediaries targeting social enterprises, and small-sized, private equity impact funds.	Aims to generate social impact by providing funding to entities that support inclusive finance and empower socially-focused businesses.	9	Yes: Any	Yes
LU_7	Ilavska Vuillermoz Capital Sàrl	PRI	Invests in FinTech and ClimateTech companies, among others, and is known for its venture capital engagements	Committed to creating long-term economic impact by helping companies grow, launch new initiatives, and make transformative acquisitions.	N/D	N/D	N/D
LU_8	Impact Finance Investments Sàrl	PRI, Operating Principles for Impact Management	The firm invests in enterprises operating in value chains that have a positive impact on communities at the BoP, focusing on economic, social, environmental, and corporate impacts	Aims to combine traditional financial metrics with a third dimension of impact, assessing the economic, social, environmental, and corporate effects of their investments. Their approach includes generating positive returns with relatively low volatility, similar to successful debt microfinance funds	9	Yes: 1, 8, 13, 15	Yes

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ID	Name	Membership	Sector-Focus	Impact Goals	Max. SFDR	SDG Criteria	ESG
LU_9	Odyssey Impact Investments Sàrl	-	Focused on environmental sustainability. They target investments that contribute to solving the global climate emergency and plastic pollution. The firm is involved in sectors such as green hydrogen for industry, circular carbon, mobility, energy efficiency in industrial sectors, and advanced manufacturing.	Dedicated to addressing climate change and environmental destruction, aiming to channel capital towards innovative solutions that offer quantifiable impacts and market-level returns. They emphasize investments in technologies and companies that can significantly influence global sustainability and environmental health.	N/D	N/D	Yes
LU_10	Planet First Partners Gérant Sàrl	-	Invests in and partners with disruptive entrepreneurs to scale tech-enabled businesses that combine a purpose-driven mission, profitable growth, and a people-centric culture.	Aims to drive substantial sustainable and social impact through investments in companies that are aligned with ethical and ecological principles.	9	N/D	Yes
LU_11	Satgana (GP) Sàrl	B Companies	Invests in climate tech startups that aim to tackle climate change. They focus on various sectors including food, agriculture, energy, mobility, industry, buildings, carbon removal, and the circular economy.	Aims to drive positive environmental and social changes by investing in startups that provide technological solutions to climate and ecological challenges.	9	Yes: Any	Yes

C.2. List of Ecosystem Partners

This section includes a three-tier classification of ecosystem partners to the IICs and IIFs within the Benelux. The ranking resulted from factually associated, not-associated, and other relevant ecosystem partners from within the Benelux, the EU, or the world. Table C.5 explains the meaning behind the descriptors of the tables below, which are of relevance to the content of Subsection 2.3.1.

Table C.5: This table depicts the descriptive items of interest to the reader of this research and explains its use in the context within the following subsections regarding ecosystem partners.

Descriptor	Explanation
ID	Identification item: EP_X (internal).
Country	Country (countries) of origin or country (countries) of operation, where the ecosystem partner is active.
Type	Differentiates between 'Network' provider, 'Association', 'Knowledge Hub', and 'Principles' emitter to the IICs/IIFs.
Name(s)	Legal name of the ecosystem partner.
Explanation	Short explanation of the ecosystem partner listed.

C.2.1. TIER 1: Associated with the IIC-Selection

Table C.6: This table contains the collected information on tier 1 ecosystem partners which are directly associated with the portrayed IICs and IIFs and hence named within their web-presence and derived documents. Explanation to the individual descriptors are in Table C.5.

ID	Country	Type	Name	Explanation
EP_1	World	Network	B Corporation (B Lab)	Nonprofit network established the B Corporation Standard for responsible and sustainable business practice
EP_2	World	Network	Banking For Impact	Institutional Banking Impact Investing Network
EP_3	BE	Association	BVA (Belgian Venture Capital & Private Equity Association)	Private Equity and Venture Capital Association of Belgium; Members are officially registered financial entities based in Belgium; Similar to the NVP (NL) and LPEA (LU)
EP_4	NL	Knowledge Hub	Circle Economy	Circular Economy Corporate Network and Knowledge Hub
EP_5	NL	Network	Co-Financing Our Future	Peer to peer impact investing community
EP_6	World	Network	FAIRR Initiative (Farm Animal Investment Risk & Return)	ESG Policy Network and Data Analyst, Focused on Pharma and AgriFood
EP_7	EU	Association	FEBEA (European Federation of Ethical and Alternative Banks and Financiers)	Organization of ethical finance Institutions of the EU
EP_8	BE	Association	Febelfin (Federation of the Belgian Financial Sector)	Financial Sector Organization; Multinational banks and asset managers
EP_9	NL	Association	FIN (Fonds in Nederland)	Association of social, cultural, and health fonds for charitable/concessionary projects
EP_10	US/World	Network	GIIN (Global Impact Investing Network)	The primary global impact investing network; Standard Creator and Measurements; Global reach, Reports, etc.
EP_11	EU/BE	Network	Impact Europe	European Impact Investing Network
EP_12	BE	Association	IFB (Impact Finance Belgium)	Belgian impact finance network and knowledge hub, membership association, similar to NAB (NL) (Parent organization: GSG Impact)
EP_13	LU	Association	LUXFLAG (Luxembourg Financing Labelling Agency)	Luxembourg Financing Labelling Agency, focuses on Responsible Investments.
EP_14	NL	Association	NAB (Stichting Netherlands Advisory Board on impact investing)	Dutch impact investing coordinator and advisory board (similar to IFB) (Parent organization: GSG Impact)

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ID	Country	Type	Name	Explanation
EP_15	NL	Association	NVP (Nederlandse Vereniging van Participatiemaatschappijen)	Association of private equity and venture capital industry in the Netherlands; Similar to the BVA (BE) and LPEA (LU)
EP_16	World	Knowledge Hub	OECD Social Impact Investment Initiative	OECD regulated initiative; Great Explanation of Stakeholders of impact investing
EP_17	World	Principles	Operating Principles for Impact Management	List of 9 management principles conducive to impactful management practices.
EP_18	UK/World	Principles	PRI (Principles for Responsible Investment)	Principles signatories with dedication to implement ESG strategies and measurements
EP_19	NL	Association	Social Enterprise NL	Demand Side Organization and Central Node of the Dutch Social Enterprise Market
EP_20	NL	Association	Social Finance NL	Network of Social Enterprises in the Netherlands; Initiatives and Community Builder
EP_21	NL (+BE)	Network	Stichting PYM (Pledge Your Money)	Network provider for conscious individual investors to channel money flows into sustainable projects
EP_22	World	Knowledge Hub	UN Global Compact	Global corporate sustainability initiative; Incorporates all sectors
EP_23	World	Network	UNEPFI (United Nations Environment Programmed Finance Initiative)	United Nations Environment Programmed Finance Initiative as supranational entity for finance organizations active in ecological sustainable banks, insurers and investors
EP_24	NL	Association	VBDO (Vereiniging van Beleggers voor Duurzame Ontwikkeling)	Knowledge hub, publisher, and association of Dutch sustainable investors (Part of GSIA)

C.2.2. TIER 2: Important but not-associated with IIC-Selection

Table C.7: This table contains the collected information on tier 2 ecosystem partners which are not directly associated with the portrayed IICs and IIFs and hence not named within their web-presence and derived documents, but are relevant players within the Benelux impact investing ecosystem and hence important to be mentioned at this point. Explanation to the individual descriptors are in Table C.5.

ID	Country	Type	Name	Explanation
EP_25	EU	Association	EFAMA (European Fund and Asset Management Association)	European Fund and Asset Management Association; Great Fund Data; Regulatory Aspects
EP_26	World	Principles	Environmental, social and governance (ESG) Goals	Environmental, social and governance (ESG) considerations as the standard underlying socially responsible finance and investments
EP_27	NL	Knowledge Hub	Impact Centre Erasmus	University based Knowledge Hub and Publisher
EP_28	NL	Network	Impact City Den Haag	Regional Impact Investing Ecosystem Partner of Den Haag
EP_29	World	Knowledge Hub	Impact Frontiers	External Framework for Impact Management
EP_30	NL	Knowledge Hub	Impact Institute	Consulting Standards and collaboration partners
EP_31	NL	Knowledge Hub	Phenix Capital	Impact Fund Manager Network and Knowledge hub
EP_32	World	Principles	SFDR (Sustainable Finance Disclosure Regulation)	EU Regulatory Framework in accordance with the Sustainable Finance Disclosure Regulation (SFDR) of the EU

C.2.3. TIER 3: Other relevant Associations and Standards

Table C.8: This table contains the collected information on tier 3 ecosystem partners that are players in the global and regional (Benelux) impact investing ecosystem worth mentioning. Explanation to the individual descriptors are in Table C.5.

ID	Country	Type	Name	Explanation
EP_33	LU	Association	ALFI (Association of the Luxembourg Fund Industry)	Private Equity and Venture Capital Association of Luxembourg; Members are officially registered financial entities based in Luxembourg
EP_34	NL	Network	Amsterdam Impact	Local initiative by the city of Amsterdam for Sustainable Finance and Impact Investing in Amsterdam
EP_35	World	Network	Ashoka	Network of individual social entrepreneurs as changemakers; Global Presence
EP_36	BE	Association	BEAMA (Belgian Asset Manager Association)	Asset Manager association of Belgium
EP_37	NL	Association	DUFAS (Dutch Fund and Asset management Association)	Asset Manger association of the Netherlands
EP_38	UK/World	Network	Ellen McArthur Foundation	Circular Economy Corporate Network and Knowledge Hub
EP_39	UK	Network	ERIN (European Responsible Investment Network)	Responsible Investment Network and Promotor (Campaign; Advocate) (by ShareAction)
EP_40	LU	Network	Eurosif (Europe-based national Sustainable Investment Fora (SIFs))	Mother organization of LSFI; SRI developer and networker (Part of GSIA)
EP_41	World	Network	GSG Impact	Parent organization of the NAB and IFB, Impact Investing Global Initiative
EP_42	World	Network	GSIA	Global sustainable investment alliance; Network Promoter and Publisher
EP_43	NL	Network	IDH	Impact in trading of commodities network
EP_44	NL	Network	Impact Economy Foundation	Impact investing promoter organization, publishing reports, events, etc.
EP_45	NL	Network	Impact Hub Amsterdam	Innovator and Accelerator for sustainable food and fashion
EP_46	UK/NL	Knowledge Hub	Impact Investor	News-Site and Report Publisher
EP_47	BE/EU	Association	Invest Europe	Industry Standards and European PE and VC association
EP_48	World	Principle	ISO 260000	Voluntary standard for corporate social responsibility
EP_49	LU	Association	LPEA (Luxembourg Private Equity and Venture Capital Association)	Private Equity and Venture Capital Association of Luxembourg; Members are officially registered financial entities based in Luxembourg; Similar to the NVP (NL) and BVA (BE)
EP_50	LU	Association	LSFI (Luxembourg Sustainable Finance Initiative)	State founded policy network; Networker and Forum
EP_51	World	Association	Net-Zero Asset Owner Alliance (NZAOA)	Part of UNEPFI and PRI; Net Zero Asset Owner Association with common goals
EP_52	NL	Knowledge Hub	SDG Nederland	SDG knowledge hub specific to the Netherlands, Publisher
EP_53	NL	Knowledge Hub	Thrive Institute	Impact Counsellors and Knowledge Hub
EP_54	World	Principles	UN SDG	Sustainable Development Goals of the UN

D

Virtues in Stakeholder Management of Impact Investing

This appendix-chapter includes the result of the virtue analysis of relevant virtues within the screened literature to this research (Moral Virtues - see Appendix-Subsection D.1.1 and Epistemic Virtues - see Appendix-Subsection D.1.2). Thus, this chapter includes the Virtue Rhetoric Analysis (see Appendix-Section D.2) which includes associated rhetorical expressions of virtue which have been used for the analysis of virtue within primary and secondary data as part of the qualitative coding. The categorization of virtue (see Appendix-Section D.3) as a result of data analysis and examples of virtue expression within the data sources (see Appendix-Section D.4) are listed subsequential.

D.1. Virtues in Impact Investing

The two tables, Table D.1 in Appendix-Subsection D.1.1 and Table D.2 in Appendix-Subsection D.1.2 contain the results of the literature review reviewing relevant virtues in stakeholder management of impact investment and thus virtues, vice, and their translations in the three languages of the Benelux.

D.1.1. Moral Virtues in Impact Investing

Table D.1: This table includes moral virtues of business, here with a focus on virtues conducive to ethical stakeholder management in impact investing. To each virtue, their vice (excess and deficiency), translation (Dutch, French, German), and reference source is given.

Virtue	Excess	Deficiency	Dutch	French	German	Source
Acceptance	Resignation	Intolerance	Acceptatie	Acceptation	Akzeptanz	Solomon, 1999
Agreeableness	Submissiveness	Disagreeableness	Aangenaamheid	Agréabilité	Angenehmheit	Murphy, 1999
Ambition	Greed	Lack of ambition (Apathy)	Ambitie	Ambition	Ehrgeiz	Aristotle, 2019; Haynes et al., 2015; Mintz, 1996; Solomon, 1999
Amiability	Over-friendliness	Unfriendliness	Vriendelijkheid	Amabilité	Liebenswürdigkeit	Solomon, 1999
Articulateness	Verbosity	Inarticulateness	Articulatie	Articulation	Artikulation	Solomon, 1999
Beneficence	Over-generosity	Selfishness	Weldadigheid	Bienfaisance	Wohltätigkeit	Audi, 2012
Caring	Overprotectiveness	Indifference	Zorgzaam	Attentionné	Sorgfalt	Solomon, 2004
Compassion	Sentimentality	Cruelty	Mededogen	Compassion	Mitgefühl	Solomon, 2004
Competitiveness	Aggressiveness	Passivity	Concurrentievermogen	Compétitivité	Wettbewerbsfähigkeit	Solomon, 1999
Conscientiousness	Perfectionism	Negligence	Nauwgezetheid	Assiduité	Gewissenhaftigkeit	Zachary et al., 2023
Consciousness	Hyper-awareness	Obliviousness	Bewustzijn	Conscience	Bewusstsein	Wijnberg, 2000
Consistency	Rigidity	Inconsistency	Consistentie	Cohérence	Konsistenz	Audi, 2012
Contentment	Complacency	Discontentment	Tevredenheid	Contentement	Zufriedenheit	Solomon, 1999
Courage	Recklessness	Cowardice	Moed	Courage	Mut	Aristotle, 2019; Bragues, 2006; Mintz, 1996; Solomon, 1999; Zachary et al., 2023
Determination	Stubbornness	Indecisiveness	Bepaling	Détermination	Entschlossenheit	Solomon, 1999
Diligence	Workaholism	Laziness	IJver	Diligence	Fleiß	Gotsis and Grimani, 2015
Empathy	Over-identification	Apathy	Empathie	Empathie	Empathie	Murphy, 1999; Shanahan and Hyman, 2002; Zachary et al., 2023
Entrepreneurship	Opportunism	Lack of initiative	Ondernemerschap	Esprit d'entreprise	Unternehmertum	Solomon, 1999
Extroversion	Exhibitionism	Introversion	Extraversie	Extraversion	Extraversion	Moberg, 1997
Fairness	Rigid impartiality	Partiality	Eerlijkheid	Équité	Gerechtigkeit	Mintz, 1996; Murphy, 1999; Solomon, 1992b, 1999

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Virtue	Excess	Deficiency	Dutch	French	German	Source
Fidelity	Blind loyalty	Infidelity	Trouw	Fidélité	Treue	Audi, 2012
Foresightedness	Over-planning	Shortsightedness	Vooruitziendheid	Prévoyance	Voraussicht	Islam, 2022
Friendliness	Obsequiousness	Grouchiness	Vriendelijkheid	Amabilité	Freundlichkeit	Aristotle, 2019; Mintz, 1996; Solomon, 1992b
Generosity	Extravagance	Stinginess (Greed)	Vrijgevigheid	Générosité	Großzügigkeit	Aristotle, 2019; Bragues, 2006; Hadreas, 2002; Haynes et al., 2015; Koehn, 2016; Mintz, 1996; Solomon, 1999
Gentleness	Short temper	Apathy	Zachtaardigheid	Douceur	Sanftmut	Aristotle, 2019; Mintz, 1996
Good Judgement	Over-criticalness	Poor judgement	Goed oordeel	Bon jugement	Gutes Urteilsvermögen	Mintz, 1996
Good Temper	Excessive cheerfulness	Bad temper	Goed humeur	Bonne humeur	Gute Laune	Aristotle, 2019; Chun, 2005
Gratitude	Obsequiousness	Ingratitude	Dankbaarheid	Gratitude	Dankbarkeit	Audi, 2012; Solomon, 1999
Heroism	Foolhardiness	Cowardice	Heldendom	Héroïsme	Heldentum	Solomon, 1999
Honesty	Brutal honesty	Dishonesty	Eerlijkheid	Honnêteté	Ehrlichkeit	Audi, 2012; Solomon, 1992b, 1999
Honor	Sanctimoniousness	Dishonor	Eer	Honneur	Ehre	Aristotle, 2019; Solomon, 1992b, 1999
Humility	Self-deprecation	Arrogance	Nederigheid	Humilité	Demut	Audi, 2012; Solomon, 1999
Humor	Frivolousness	Humorlessness	Humor	Humour	Humor	Solomon, 1999
Incorruptibility	Inflexibility	Corruptibility	Onkreukbaarheid	Incorruptibilité	Unbestechlichkeit	Shanahan and Hyman, 2002
Independence	Isolation	Dependence	Onafhankelijkheid	Indépendance	Unabhängigkeit	Solomon, 1999
Integrity	Self-righteousness	Hypocrisy	Integriteit	Intégrité	Integrität	Audi, 2012; Murphy, 1999; Solomon, 1999; Zachary et al., 2023
Justice	Harshness	Injustice	Gerechtigheid	Justice	Gerechtigkeit	Aristotle, 2019; Audi, 2012; Bragues, 2006; Koehn, 2016; Mintz, 1996; Solomon, 1999
Leadership	Authoritarianism	Lack of leadership	Leiderschap	Leadership	Führung	Audi, 2012
Liberality	Prodigality	Meanness (Greed)	Vrijgevigheid	Libéralité	Freigebigkeit	Aristotle, 2019; Chun, 2005; Hadreas, 2002; Haynes et al., 2015
Loyalty	Blind loyalty	Betrayal	Loyaliteit	Loyauté	Loyalität	Solomon, 1992b, 1999
Magnanimity	Vanity	Pettiness	Grootmoedigheid	Magnanimité	Großmut	Aristotle, 2019; Bragues, 2006; Hadreas, 2002; Mintz, 1996

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Virtue	Excess	Deficiency	Dutch	French	German	Source
Magnificence	Vulgarity	Niggardliness	Grootsheid	Magnificence	Pracht	Aristotle, 2019; Bragues, 2006; Chun, 2005; Mintz, 1996
Modesty	Bashfulness	Shamelessness	Bescheidenheid	Modestie	Bescheidenheit	Aristotle, 2019; Mintz, 1996
Munificence	Extravagance	Meanness	Milddadigheid	Munificence	Freigebigkeit	Hadreas, 2002
Passion	Obsession	Apathy	Passie	Passion	Leidenschaft	Solomon, 1999
Piety	Sanctimoniousness	Impiety	Vroomheid	Piété	Frömmigkeit	Shanahan and Hyman, 2002
Pride	Hubris	Self-abasement	Trots	Fierté	Stolz	Aristotle, 2019; Chun, 2005; Haynes et al., 2015
Reliability	Inflexibility	Unreliability	Betrouwbaarheid	Fiabilité	Zuverlässigkeit	Shanahan and Hyman, 2002
Respect	Subservience	Disrespect	Respect	Respect	Respekt	Murphy, 1999; Solomon, 2004
Responsibility	Over-responsibility	Irresponsibility	Verantwoordelijkheid	Responsabilité	Verantwortung	Shanahan and Hyman, 2002
Saintliness	Self-righteousness	Immorality	Heiligheid	Sainteté	Heiligkeit	Solomon, 1999
Self-control	Inhibition	Lack of control	Zelfbeheersing	Maîtrise de soi	Selbstbeherrschung	Aristotle, 2019; Bragues, 2006; Mintz, 1996
Self-improvement	Self-indulgence	Insensitivity	Zelfverbetering	Amélioration de soi	Selbstverbesserung	Audi, 2012
Self-regulation	Asceticism	Indulgence	Zelfregulering	Autorégulation	Selbstregulierung	Baumeister and Heatherton, 1996; Baumeister and Juola Exline, 1999; Meyer et al., 2019
Shame	Excessive shame	Shamelessness	Schaamte	Honte	Scham	Aristotle, 2019; Solomon, 1992b, 1999
Sincerity	Bluntness	Insincerity	Oprechtheid	Sincérité	Aufrichtigkeit	Aristotle, 2019; Chun, 2005
Sociability	Over-familiarity	Unsociability	Gezelligheid	Sociabilité	Geselligkeit	Aristotle, 2019; Bragues, 2006; Koehn, 2016
Spirit	Fanaticism	Listlessness	Geest	Esprit	Geist	Solomon, 1999
Temperance	Asceticism	Intemperance	Matigheid	Tempérance	Mäßigung	Aristotle, 2019; Chun, 2005; Mintz, 1996
Tolerance	Permissiveness	Intolerance	Tolerantie	Tolérance	Toleranz	Solomon, 1999
Toughness	Ruthlessness	Weakness	Hardheid	Dureté	Zähigkeit	Solomon, 1992b, 1999
Trustfulness	Gullibility	Distrust	Vertrouwelijkheid	Confiance	Vertrauenswürdigkeit	Aristotle, 2019; Koehn, 2016; Mintz, 1996; Murphy, 1999; Solomon, 1992b, 1999
Trustworthiness	Over-reliability	Untrustworthiness	Betrouwbaarheid	Fiabilité	Vertrauenswürdigkeit	Murphy, 1999; Solomon, 1992b, 1999, 2004

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Virtue	Excess	Deficiency	Dutch	French	German	Source
Truthfulness	Brutal honesty	Deceitfulness	Waarheidsgetrouwheid	Véracité	Wahrhaftigkeit	Aristotle, 2019; Mintz, 1996
Veracity	Boastfulness	Self-depreciation	Waarachtigheid	Véracité	Wahrhaftigkeit	Audi, 2012
Warmth	Over-familiarity	Coldness	Warmte	Chaleur	Wärme	Chun, 2005; Zachary et al., 2023
Wittiness	Sarcasm	Dullness	Gevatheid	Espièglerie	Witzigkeit	Aristotle, 2019; Chun, 2005; Mintz, 1996
Zeal	Buffoonery	Boorishness	Ijver	Zèle	Eifer	Solomon, 1999; Zachary et al., 2023

D.1.2. Epistemic Virtues in Impact Investing

Table D.2: This table includes epistemic virtues of business, here with a focus on virtues conducive to ethical stakeholder management in impact investing. To each virtue, their vice (excess and deficiency), translation (Dutch, French, German), and reference source is given.

Virtue	Excess	Deficiency	Dutch	French	German	Source
Adaptability	Fickleness	Rigidity	Aanpassingsvermogen	Adaptabilité	Anpassungsfähigkeit	Murphy, 1999
Art	Over-sentimentality	Philistinism	Kunst	Art	Kunst	Aristotle, 2019
Attentiveness	Insouciance	Negligence	Aandachtigheid	Attention	Aufmerksamkeit	Baird and Calvard, 2019
Benevolence	Malevolence	Apathy	Welwillendheid	Bienveillance	Wohlwollen	Baird and Calvard, 2019
Clarity	Ambiguity	Obscurity	Helderheid	Clarté	Klarheit	Meyer, 2023
Coherence	Fragmentation	Disjointedness	Coherentie	Cohérence	Kohärenz	Meyer, 2023
Competence	Incompetence	Inability	Competentie	Compétence	Kompetenz	Meyer, 2023
Creativity	Fantasizing	Unimaginativeness	Creativiteit	Créativité	Kreativität	Solomon, 1999
Critical thinking	Hypercriticism	Gullibility	Kritisch denken	Pensée critique	Kritisches Denken	Meyer et al., 2019; Meyer, 2023
Curiosity	Nosiness	Indifference	Nieuwsgierigheid	Curiosité	Neugier	Meyer, 2023
Epistemic conscientiousness	Obsessiveness	Negligence	Epistemische nauwgezetheid	Conscience épistémique	Epistemische Gewissenhaftigkeit	Moberg, 1997
Epistemic courage	Recklessness	Cowardice	Epistemische moed	Courage épistémique	Epistemischer Mut	Baird and Calvard, 2019; de Bruin, 2013
Epistemic generosity	Credulity	Stinginess	Epistemische vrijgevigheid	Générosité épistémique	Epistemische Großzügigkeit	de Bruin, 2013
Epistemic honesty	Dishonesty	Deceitfulness	Epistemische eerlijkheid	Honnêteté épistémique	Epistemische Ehrlichkeit	Meyer, 2023
Epistemic humility	Arrogance	Servility	Epistemische nederigheid	Humilité épistémique	Epistemische Demut	Baird and Calvard, 2019; de Bruin, 2013; Haynes et al., 2015; Howard-Snyder, 2015
Epistemic independence	Conformity	Isolation	Epistemische onafhankelijkheid	Indépendance épistémique	Epistemische Unabhängigkeit	Baird and Calvard, 2019
Epistemic integrity	Rigidity	Complicity	Epistemische integriteit	Intégrité épistémique	Epistemische Integrität	de Bruin, 2021
Epistemic reliability	Unreliability	Fickleness	Epistemische betrouwbaarheid	Fiabilité épistémique	Epistemische Zuverlässigkeit	Meyer, 2023

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Virtue	Excess	Deficiency	Dutch	French	German	Source
Epistemic temperance	Over-caution	Rashness	Epistemische gematigdheid	Tempérance épistémique	Epistemische Mäßigung	de Bruin, 2013
Fair-mindedness	Injustice	Partiality	Rechtvaardigheid	Impartialité	Fairness	Baird and Calvard, 2019
Flexibility	Dogmatism	Rigidity	Flexibiliteit	Flexibilité	Flexibilität	Baird and Calvard, 2019
Good sense	Pedantry	Folly	Gezond verstand	Bon sens	Gesunder Menschenverstand	Aristotle, 2019; Mintz, 1996
Intelligence	Over-intellectualization	Stupidity	Intelligentie	Intelligence	Intelligenz	Aristotle, 2019; Mintz, 1996
Intuition	Impulsiveness	Over-rationalization	Intuïtie	Intuition	Intuition	Aristotle, 2019
Knowledge	Pedantry	Ignorance	Kennis	Connaissance	Wissen	Aristotle, 2019; de Bruin, 2013
Open-mindedness	Over-acceptance	Closed-mindedness	Openheid	Ouverture d'esprit	Aufgeschlossenheit	Baird and Calvard, 2019
Practical wisdom (prudence)	Over-caution	Rashness	Praktische wijsheid	Sagesse pratique (prudence)	Praktische Weisheit (Klugheit)	Aristotle, 2019; Bragues, 2006; Mintz, 1996
Reflectiveness	Overthinking	Superficiality	Reflectiviteit	Réflexivité	Reflexivität	Audi, 2012
Resourcefulness	Manipulativeness	Helplessness	Vindingrijkheid	Ingéniosité	Einfallsreichtum	Chun, 2005
Self-discipline	Self-indulgence	Laxity	Zelfdiscipline	Autodiscipline	Selbstdisziplin	Baird and Calvard, 2019
Sensitivity	Over-sensitivity	Insensibility	Gevoeligheid	Sensibilité	Empfindsamkeit	Baird and Calvard, 2019
Simplicity	Complexity	Over-simplification	Eenvoud	Simplicité	Einfachheit	Meyer, 2023
Understanding	Over-identification	Misunderstanding	Begrip	Compréhension	Verständnis	Aristotle, 2019; Mintz, 1996
Wisdom	Over-judiciousness	Foolishness	Wijsheid	Sagesse	Weisheit	Aristotle, 2019; Bragues, 2006; Mintz, 1996

D.2. Virtue Rhetorics - Associated Expressions

This appendix-section includes the various virtue rhetorical expressions of associated words that relate to certain virtues in business (Moral Virtue Rhetorics - see Appendix-Subsection D.2.1 and Epistemic Virtue Rhetoric - see Appendix-Subsection D.2.2). Their use-case is thoroughly explained within Subsection 3.3.5 of Chapter 5.

D.2.1. Moral Virtues - Virtue Rhetorics

Table D.3: This table assigns a list of related expressions of qualities to each moral virtue portrayed in Appendix-Subsection D.1.1, thus enabling virtue rhetorical analysis of virtue.

Virtue Dimension	Word List of related Qualities
Acceptance	Accommodating, accordant, affirmative, agreeable, allowing, amiable, approachable, approving, assuring, balanced, broad-minded, calm, charitable, comforting, compassionate, conciliatory, considerate, cooperative, empathetic, encouraging, equitable, fair, forgiving, gentle, gracious, harmonious, impartial, inclusive, kind, lenient, liberal, magnanimous, merciful, nonjudgmental, open, open-hearted, open-minded, patient, peaceful, permissive, positive, receptive, respectful, soothing, supportive, sympathetic, tolerant, understanding, unprejudiced, welcoming
Agreeableness	Accommodating, affable, agreeable, amiable, amicable, approachable, attentive, benevolent, calm, charming, cheerful, considerate, cooperative, cordial, courteous, empathetic, encouraging, friendly, genial, gentle, good-natured, gracious, harmonious, helpful, hospitable, humble, kind, likable, mild-mannered, neighborly, nice, obliging, open-hearted, patient, peaceful, pleasant, polite, respectful, sociable, soft-spoken, supportive, sympathetic, tactful, tender, tolerant, understanding, unselfish, warm, warm-hearted, welcoming
Ambition	Aiming, aspiring, assertive, audacious, bold, committed, competitive, confident, dedicated, determined, diligent, driven, eager, energetic, enterprising, enthusiastic, fearless, focused, goal-oriented, hard-driving, hardworking, hungry, industrious, inspired, intense, motivated, optimistic, passionate, persevering, persistent, purposeful, relentless, resolute, resourceful, self-assured, self-motivated, single-minded, spirited, striving, tenacious, tireless, unrelenting, unyielding, venturesome, visionary, zealous
Amiability	Affable, agreeable, amicable, approachable, attentive, benevolent, cheerful, charming, companionable, considerate, cordial, courteous, delightful, easygoing, engaging, friendly, genial, gentle, good-humored, good-natured, gracious, hospitable, kind, kind-hearted, likable, lovable, mild, neighborly, nice, obliging, outgoing, pleasant, pleasing, polite, sociable, sweet, tender, thoughtful, understanding, warm, warm-hearted, welcoming
Articulateness	Accurate, analytical, articulate, authoritative, coherent, commanding, communicative, compelling, comprehensible, convincing, crisp, decisive, descriptive, direct, distinct, eloquent, emphatic, engaging, enlightening, expressive, fluent, focused, informative, intelligible, knowledgeable, logical, lucid, meaningful, memorable, meticulous, narrative, nuanced, observant, orderly, persuasive, plain-spoken, precise, professional, proficient, pronouncing, readable, reasoned, refined, relevant, reliable, responsive, revealing, rhetoric, sharp, significant, skillful, smooth, straightforward, structured, succinct, thoughtful, thorough, to-the-point, understandable, unified, vivid, well-expressed, well-spoken
Beneficence	Altruistic, amiable, angelic, benevolent, big-hearted, bountiful, charitable, compassionate, considerate, contributing, cooperative, courteous, decent, devoted, empathetic, encouraging, fair, generous, giving, gracious, helpful, humanitarian, humane, kind, magnanimous, merciful, munificent, nurturing, obliging, open-handed, philanthropic, public-spirited, selfless, sharing, supportive, sympathetic, thoughtful, unselfish, uplifting, virtuous, warm-hearted, welfare-oriented, well-meaning.
Caring	Affectionate, amiable, attentive, benevolent, compassionate, considerate, concerned, devoted, empathetic, endearing, friendly, gentle, giving, gracious, helpful, humane, kind, kindhearted, loving, mindful, nurturing, observant, patient, protective, reliable, responsive, selfless, sensitive, supportive, sympathetic, tender, thoughtful, understanding, warm, warmhearted
Compassion	Affectionate, altruistic, amiable, benevolent, caring, charitable, commiserative, compassionate, considerate, empathetic, encouraging, forgiving, generous, gentle, helpful, humane, kind, kindhearted, lenient, loving, merciful, nurturing, patient, responsive, selfless, sensitive, supportive, sympathetic, tender, thoughtful, understanding, warm, warmhearted, well-meaning
Competitiveness	Ambitious, ardent, aspiring, assertive, bold, driven, eager, enterprising, enthusiastic, fierce, focused, go-getting, goal-oriented, hungry, industrious, intense, keen, motivated, performance-oriented, persevering, persistent, potent, powerful, proactive, relentless, resolute, spirited, striving, strong-willed, tenacious, unyielding, vigorous
Conscientiousness	Accomplished, accountable, accurate, attentive, at-work, businesslike, bustling, busy, careful, certain, confident, conscientious, conscionable, customer-centric, demanding, dependable, detailed, diligent, dutiful, effective, efficacious, efficient, engaged, hardworking, heedful, impressive, judicious, laudable, meticulous, mindful, notable, painstaking, persistent, planning, praiseworthy, prepared, productive, protected, proud, regardful, reliable, reputable, responsible, scrupulous, solicitous, stable, steadfast, steady, thorough, tireless, unfailing, value-added, vigilant, watchful [From Zachary et al. (2023), p. 752]

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Virtue Dimension	Word List of related Qualities
Consciousness	Alert, aware, balanced, bright, cognizant, comprehending, contemplative, deliberate, discerning, enlightened, farsighted, heedful, insightful, intentional, intuitive, judicious, keen, knowing, knowledgeable, mindful, observant, perceptive, perspicacious, prudent, rational, reasoned, reasonable, reflective, sagacious, self-aware, self-conscious, sensible, shrewd, smart, thoughtful, understanding, vigilant, wakeful, wary, wise
Consistency	Accountable, accurate, ardent, authentic, balanced, dependable, determined, diligent, disciplined, enduring, faithful, firm, habitual, harmonious, immutable, invariable, methodical, orderly, predictable, principled, reliable, resolute, steadfast, steady, systematic, tenacious, thorough, tireless, unwavering, unchanging, undeviating, unfaltering, uniform, unshakable, unwavering, unyielding
Contentment	Accepting, at-ease, blissful, calm, carefree, cheerful, comfortable, complacent, composed, confident, fulfilled, glad, gratified, happy, harmonious, pleased, positive, quiet, relaxed, relieved, satisfied, serene, tranquil, unburdened, untroubled, unworried
Courage	Achievement-oriented, adept, aggressive, aspiring, assertive, bold, brave, capable, climbing, competent, courageous, daring, desirous, determined, effectual, enduring, enterprising, entrepreneurial, exploitative, foremost, goal-oriented, hardy, heroic, hungry, impenetrable, in-charge, knowledgeable, leading, overcoming, prevailing, ready, self- reliant, skilled, skillful, staunch, stout, striving, strong, tenacious, topmost, top-ranked, valiant, valorous, willful [From Zachary et al. (2023), p. 752]
Determination	Adamant, assertive, bold, committed, dedicated, diligent, dogged, driven, earnest, enduring, energetic, firm, focused, forceful, hardworking, immovable, indefatigable, indomitable, industrious, intense, iron-willed, motivated, nonstop, obstinate, persevering, persistent, purposeful, relentless, resolute, resolved, steadfast, steady, strong-minded, tenacious, tireless, tough, unbending, unflinching, unrelenting, unshakable, unwavering, unyielding, vigorous, willful
Diligence	Active, attentive, careful, committed, conscientious, constant, dedicated, dependable, detailed, determined, disciplined, earnest, efficient, energetic, engaged, exacting, focused, hardworking, heedful, industrious, laborious, methodical, meticulous, mindful, nonstop, observant, painstaking, patient, persevering, persistent, purposeful, reliable, resolute, rigorous, scrupulous, steadfast, steady, studious, tenacious, thorough, tireless, unwavering, vigilant, watchful, zealous
Empathy	Accepting, aidful, assuring, caring, charitable, compassionate, considerate, empathetic, encouraging, forgiving, helpful, humane, kind, listening, merciful, patient, ready-to-help, supportive, sympathetic, thoughtful, tolerant, understanding, well-being [From Zachary et al. (2023), p. 752]
Entrepreneurship	Adaptable, ambitious, assertive, bold, business-minded, calculated, capable, charismatic, committed, competent, confident, creative, daring, decisive, dedicated, determined, disciplined, driven, dynamic, enterprising, farsighted, forward-thinking, innovative, inspired, inventive, keen, knowledgeable, motivated, opportunistic, optimistic, organized, pioneering, proactive, proficient, resourceful, risk-taking, self-assured, self-reliant, shrewd, skilled, strategic, tenacious, trailblazing, visionary
Extroversion	Active, adventurous, affable, amicable, approachable, assertive, assured, bold, buoyant, charming, chatty, confident, convivial, dynamic, energetic, enthusiastic, exuberant, friendly, fun-loving, gregarious, lively, open, outgoing, personable, positive, proactive, sociable, talkative, unreserved, upbeat, vibrant, vivacious, warm
Fairness	Accountable, balanced, candid, civil, clean, clear-sighted, considerate, decent, detached, disinterested, dispassionate, even, even-handed, equal, equitable, fair-minded, forthright, frank, free, generous, good-hearted, honest, honorable, impartial, independent, indifferent, just, lawful, legal, legitimate, level-headed, nonpartisan, objective, open, open-minded, principled, proportionate, pure, reasonable, respectful, right, righteous, sincere, straightforward, tolerant, transparent, unbiased, unprejudiced, upright, virtuous
Fidelity	Adherent, allegiant, ardent, attached, authentic, believing, bonded, committed, constant, dedicated, dependable, devoted, dutiful, earnest, faithful, firm, genuine, honorable, immovable, incorruptible, infallible, invariable, just, loyal, noble, obedient, patriotic, pledged, reliable, resolute, righteous, sincere, solid, staunch, steadfast, steady, supportive, sure, tenacious, true, trustworthy, trusty, unchanging, unfaltering, unshakable, unwavering, upright, unswerving, unyielding, virtuous
Foresightedness	Advanced, anticipating, astute, aware, careful, circumspect, clairvoyant, clear-sighted, conscious, considerate, cunning, deliberate, discerning, discrete, far-sighted, foreseeing, forethoughtful, forward-looking, guarded, heedful, insightful, intelligent, intuitive, judicious, long-range, long-term, mindful, perceptive, perspicacious, planning, practical, prepared, preplanned, provident, prudent, ready, resourceful, sagacious, savvy, sensible, sharp, shrewd, strategic, tactical, thoughtful, visionary, watchful, well-advised, wise
Friendliness	Affable, agreeable, amiable, amicable, approachable, attentive, benevolent, caring, cheerful, civil, cordial, courteous, empathetic, engaging, genial, gentle, gracious, helpful, hospitable, inclusive, inviting, kind, kindly, likeable, neighborly, open, open-hearted, outgoing, patient, personable, pleasant, polite, receptive, sociable, solicitous, supportive, sympathetic, tender, thoughtful, tolerant, understanding, warm, warm-hearted, welcoming
Generosity	Abundant, accommodating, altruistic, bountiful, bounteous, big-hearted, charitable, considerate, copious, giving, good-hearted, gracious, gratuitous, helpful, hospitable, humane, kind, kind-hearted, large-hearted, lavish, liberal, magnanimous, munificent, noble, open-handed, philanthropic, plentiful, princely, profuse, selfless, sharing, thoughtful, unselfish, unreserved, unstinting, unsparing, warm-hearted

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Virtue Dimension	Word List of related Qualities
Gentleness	Affectionate, agreeable, amiable, benevolent, calm, careful, caring, charitable, compassionate, considerate, courteous, delicate, docile, easygoing, empathetic, encouraging, friendly, generous, gracious, humble, humane, kind, lenient, loving, meek, mild, moderate, nurturing, patient, peaceful, perceptive, placid, polite, protective, quiet, respectful, sensitive, serene, soft-spoken, soothing, supportive, tender, tolerant, tranquil, understanding, unassuming, unhurried, unruffled, warm-hearted, well-mannered, yielding
Good Judgement	Astute, balanced, careful, circumspect, commonsensical, considerate, decisive, deliberate, discerning, discriminating, effective, enlightened, ethical, experienced, foresighted, impartial, insightful, intelligent, intuitive, judicious, knowledgeable, level-headed, logical, mature, mindful, nuanced, observant, perceptive, perspicacious, practical, prudent, rational, reasonable, reflective, responsible, sagacious, sagely, sage, sane, sensible, shrewd, sound, thoughtful, unbiased, understanding, unprejudiced, wise
Good Temper	Affable, agreeable, amiable, balanced, calm, cheerful, composed, considerate, cordial, courteous, easygoing, even-tempered, forgiving, friendly, gentle, good-humored, good-natured, gracious, harmonious, kind, lenient, mild, patient, peaceful, pleasant, poised, relaxed, serene, sociable, sweet-tempered, tactful, tolerant, tranquil, understanding, unflappable, unruffled, warm-hearted, well-balanced
Gratitude	Appreciative, beholden, blessed, blissful, celebratory, cheerful, cognizant, commendatory, content, delighted, devoted, earnest, elated, empathetic, enchanted, enthusiastic, exalted, exhilarated, exultant, faithful, favorable, fond, fulfilled, generous, gracious, gratified, grounded, honored, indebted, joyful, jubilant, mindful, moved, obliged, overjoyed, pleased, pleased-as-punch, praising, recognizing, reconciled, refreshed, rejoicing, relieved, respectful, satisfied, thankful, thrilled, touched, treasured, understanding, upbeat, uplifted, valued, warm-hearted
Heroism	Admirable, adventurous, altruistic, astonishing, audacious, awe-inspiring, bold, brave, chivalrous, committed, courageous, daring, dauntless, dedicated, determined, devoted, dignified, doughty, dutiful, dynamic, enduring, enterprising, exceptional, fearless, formidable, gallant, gutsy, heroic, honorable, indomitable, intrepid, lion-hearted, magnanimous, moral, noble, persevering, persistent, powerful, principled, resilient, resolute, selfless, spirited, stalwart, steadfast, strong, tenacious, unafraid, undaunted, valiant, valorous, venerable, venturesome, virtuous, willing, zealous
Honesty	Authentic, blunt, candid, clear, communicative, credible, direct, earnest, ethical, fair, forthright, frank, genuine, honorable, ingenuous, just, lawful, legitimate, open, outspoken, plainspoken, principled, real, reliable, reputable, sincere, straightforward, transparent, true, truthful, trustworthy, unbiased, unfeigned, unreserved, unvarnished, upright, upstanding, veracious
Honor	Admirable, admired, altruistic, appreciated, authentic, celebrated, chivalrous, commendable, considerate, creditable, decent, dedicated, dignified, distinguished, dutiful, elevated, esteemed, ethical, exemplary, famed, faithful, gallant, glorious, good, great, high-principled, highly-regarded, honest, honored, honorable, illustrious, laudable, loyal, magnanimous, meritorious, moral, noble, noteworthy, outstanding, praised, principled, proud, renowned, reputable, respected, respectable, revered, right, righteous, selfless, sincere, socially-responsible, splendid, staunch, stellar, trustworthy, truthful, upright, upstanding, valued, venerable, virtuous, well-regarded
Humility	Accepting, accommodating, approachable, attentive, balanced, calm, civil, compliant, considerate, courteous, deferential, demure, down-to-earth, earnest, fair, forgiving, gentle, gracious, grounded, humble, lenient, lowly, meek, modest, obliging, patient, peaceful, polite, quiet, reserved, respectful, self-effacing, selfless, serene, simple, soft-spoken, submissive, temperate, thoughtful, tolerant, unassuming, unostentatious, unobtrusive, unpretentious, unpresuming, yielding
Humor	Absurd, amusing, bantering, blithe, buoyant, clever, comical, droll, entertaining, facetious, farcical, fun, funny, gleeful, happy-go-lucky, high-spirited, hilarious, humorous, jocose, jocular, joking, jolly, jovial, joyful, jubilant, laughable, light-hearted, lively, ludicrous, merry, mirthful, playful, pleasant, ridiculous, risible, rollicking, silly, sparkling, spirited, teasing, upbeat, waggish, whimsical, witty
Incorruptibility	Aboveboard, absolute, authentic, blameless, clean, committed, constant, dedicated, dependable, disciplined, earnest, ethical, faithful, genuine, honorable, impeccable, incorrupt, incorruptible, infallible, innocent, integer, just, law-abiding, loyal, moral, noble, principled, pure, resolute, righteous, sincere, steadfast, straightforward, strong-willed, true, trustable, trustworthy, truthful, unblemished, unbribable, uncorrupted, undebased, undefiled, unpolluted, unsoiled, unsullied, untarnished, upright, upstanding, virtuous
Independence	Able, autonomous, bold, capable, certain, confident, detached, determined, different, distinct, emancipated, fearless, free-thinking, freestanding, individualistic, liberated, liberated-minded, original, pioneering, powerful, proud, rebellious, resolute, resourceful, self-assured, self-directed, self-governing, self-reliant, self-sufficient, self-supporting, self-sustaining, separate, singular, sovereign, strong, strong-minded, tenacious, unfettered, unrestrained, untethered, willful
Integrity	Authentic, believable, credible, creditable, decent, devoted, earnest, equitable, ethical, even-handed, fair, faithful, forthright, genuine, highly-respectable, honest, honorable, ingenuous, law-abiding, lawful, loyal, objective, principled, resolute, respectable, sincere, socially-responsible, transparent, true, trusted, trustworthy, trusty, truthful, upright, upstanding, values-based, virtuous [From Zachary et al. (2023), p. 752]
Conscientiousness	
Justice	Accountable, balanced, candid, civil, conscientious, correct, decent, deserved, dispassionate, due, ethical, equitable, fair, fair-minded, forthright, honest, honorable, impartial, incorruptible, lawful, legal, legitimate, moral, neutral, objective, open-minded, principled, proper, proportionate, rational, reasonable, rectified, rectifying, right, rightful, righteous, sincere, sound, straightforward, transparent, true, unbiased, unprejudiced, upright, upstanding, virtuous

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Virtue Dimension	Word List of related Qualities
Leadership	Accountable, adaptable, assertive, authoritative, bold, capable, charismatic, committed, competent, confident, courageous, decisive, dedicated, determined, diligent, driven, dynamic, effective, empowering, energetic, ethical, exemplary, farsighted, goal-oriented, guiding, honorable, innovative, inspirational, integrity-driven, influential, motivating, noble, organized, proactive, proficient, reliable, resourceful, responsible, strategic, strong, supportive, tenacious, trustworthy, understanding, visionary
Liberality	Abundant, accommodating, altruistic, ample, beneficent, benevolent, big-hearted, bountiful, broad-minded, charitable, considerate, copious, courteous, detached, effusive, equitable, expansive, fair, free, freehanded, free-hearted, generous, giving, gracious, helpful, hospitable, humanitarian, impartial, kind, lavish, magnanimous, munificent, open-handed, open-hearted, open-minded, philanthropic, plentiful, profuse, selfless, sharing, supportive, thoughtful, tolerant, ungrudging, unselfish, unsparing, unstinting, welcoming
Loyalty	Abiding, allegiant, ardent, attached, believing, bonded, bound, constant, dedicated, dependable, devoted, dutiful, faithful, firm, genuine, honorable, infallible, inseparable, keen, law-abiding, loyal, obedient, pledged, resolute, reverent, sincere, staunch, steadfast, steady, sure, tenacious, true, trustworthy, trusty, unwavering, unyielding, upright, venerated, venerating, devoted, vigilant, wholehearted
Magnanimity	Altruistic, beneficent, benevolent, big-hearted, bounteous, bountiful, charitable, chivalrous, considerate, courteous, elevated, expansive, forgiving, generous, gracious, great-hearted, high-minded, honorable, humanitarian, kind-hearted, largesse, liberal, lofty, magnanimous, munificent, noble, noble-minded, open-handed, patient, philanthropic, princely, selfless, sharing, sincere, ungrudging, unselfish, unstinting, uplifting, virtuous, warm-hearted
Magnificence	Admirable, august, awe-inspiring, breathtaking, brilliant, commendable, dignified, distinguished, elegant, elevated, eminent, exceptional, excellent, exalted, exquisite, extravagant, grand, grandiose, great, heroic, impressive, incredible, illustrious, lavish, luxurious, majestic, monumental, noble, opulent, outstanding, palatial, posh, prestigious, princely, regal, resplendent, splendid, stately, striking, sublime, superb, superior, sumptuous, superb, transcendent, venerable, wonderful
Modesty	Amiable, appropriate, bashful, becoming, chaste, civil, composed, courteous, decent, demure, diffident, discreet, down-to-earth, humble, inconspicuous, low-key, meek, moderate, plain, polite, proper, quiet, reserved, restrained, respectful, reticent, self-effacing, self-restrained, simple, sincere, soft-spoken, subdued, subtle, temperate, unassuming, unostentatious, unpretentious, unobtrusive
Munificence	Abundant, altruistic, ample, beneficent, bountiful, charitable, considerate, copious, courteous, easygoing, effusive, expansive, extravagant, fair, free-handed, free-hearted, generous, giving, gracious, great-hearted, hospitable, kind, lavish, liberal, magnanimous, noble, open-handed, open-hearted, philanthropic, plentiful, princely, profuse, selfless, substantial, supportive, thoughtful, ungrudging, unselfish, unstinting, unsparing, wealthy, well-endowed, well-off
Passion	Absorbed, animated, ardent, aspiring, avid, captivated, committed, compelling, dedicated, devoted, diligent, eager, earnest, emotional, energetic, enthusiastic, excited, exuberant, fanatical, fervent, fiery, focused, impassioned, intense, lively, motivated, obsessed, persevering, resolute, spirited, staunch, steadfast, strong-willed, tenacious, thrilled, vehement, vigorous, vital, vivacious, zealous
Pride	Accomplished, assured, authoritative, bold, celebrated, certain, confident, dignified, distinguished, dominant, eminent, empowered, esteemed, esteemed, esteemed, exalted, glorious, gratified, honorable, illustrious, independent, meritorious, noble, notable, outstanding, poised, positive, powerful, prestigious, prominent, proud, recognized, renowned, respected, satisfied, self-assured, self-confident, self-reliant, self-respecting, significant, sovereign, stately, strong, successful, superior, triumphant, upright, valued, venerable, worthy
Reliability	Accountable, accurate, assured, authentic, believable, committed, competent, consistent, constant, credible, dependable, diligent, durable, earnest, faithful, faultless, genuine, honest, honorable, immutable, industrious, loyal, meticulous, predictable, principled, punctual, responsible, rock-solid, secure, stable, steadfast, steady, sure, tenacious, tested, thorough, tireless, trustworthy, trusty, truthful, unchanging, unfailing, unwavering, unyielding, upright, verifiable
Respect	Admirable, appreciative, attentive, awe-inspiring, deferential, dignified, dutiful, esteemed, courteous, decorous, deferent, esteemed, esteemed, faithful, gracious, humble, laudable, mindful, noble, obedient, observant, polite, praiseworthy, proper, regardful, reputable, reverent, rightful, considerate, distinguished, ethical, gracious, honorable, modest, obliging, polite, principled, recognized, respectful, reverential, right-minded, selfless, sincere, socially-conscious, solemn, submissive, thoughtful, trustworthy, understanding, upright, value-based, venerable, well-mannered, well-regarded
Responsibility	Accountable, accurate, answerable, attentive, careful, committed, competent, conscientious, considerate, consistent, dependable, diligent, disciplined, dutiful, ethical, farsighted, heedful, honorable, industrious, judicious, liable, mindful, meticulous, observant, orderly, organized, punctual, reliable, resolute, responsive, scrupulous, self-controlled, sincere, steadfast, systematic, thorough, thoughtful, trustworthy, trustable, unflinching, upright, vigilant, watchful, well-organized
Self-control	Abstemious, abstinent, alert, anchored, aware, balanced, calm, composed, conscientious, controlled, disciplined, discreet, equable, even-tempered, focused, forbearing, harmonious, humble, immovable, judicious, level-headed, measured, mindful, moderate, non-indulgent, patient, peaceful, poised, prudent, rational, regulated, reliable, restrained, self-aware, self-disciplined, self-governed, self-possessed, self-restrained, sensible, serene, sober, stable, steady, temperate, thoughtful, unwavering, vigilant, watchful, well-behaved, well-ordered, wise

Continued on next page

Virtue Dimension	Word List of related Qualities
Self-improvement	Adaptive, advancing, ambitious, aspiring, bettering, capable, committed, competent, diligent, driven, eager, enhancing, evolving, excellent, growing, improving, industrious, innovative, inquisitive, inspired, intelligent, knowledgeable, learning, motivated, persevering, persistent, proactive, progressive, reaching, reflective, resourceful, resolute, rigorous, self-aware, self-bettering, self-critical, self-motivated, self-reflective, self-reliant, skillful, striving, tenacious, tireless, transformative, unwavering, upgrading, vigilant, visionary, wise
Self-regulation	Abstemious, accountable, adaptive, alert, amendable, attentive, balanced, calm, careful, centered, collected, composed, consistent, controlled, deliberate, disciplined, discerning, driven, efficient, emotionally-intelligent, focused, foresighted, governed, habitual, harmonious, heedful, intentional, introspective, judicious, level-headed, logical, mature, measured, mindful, moderate, motivated, orderly, organized, patient, poised, practical, predictable, prepared, prudent, purposeful, rational, reasonable, reflective, reliable, restrained, self-aware, self-commanding, self-controlled, self-directed, self-disciplined, self-governed, self-monitoring, self-possessed, self-restrained, self-sufficient, sensible, stable, steady, thoughtful, unwavering, vigilant, well-balanced
Sincerity	Authentic, believable, blunt, candid, constant, convincing, credible, direct, earnest, fair, forthright, frank, genuine, guileless, heartfelt, honest, honorable, ingenuous, legitimate, natural, open, plainspoken, pure, real, realistic, reliable, simple, sincere, straightforward, sure, transparent, true, truthful, trustworthy, unfeigned, unpretentious, unvarnished, upfront, upright, veracious, wholehearted
Sociability	Affable, agreeable, amiable, approachable, attentive, benevolent, convivial, cordial, courteous, diplomatic, easygoing, engaging, extroverted, friendly, genial, gregarious, harmonious, hospitable, inclusive, interactive, inviting, jovial, likable, mingling, neighborly, open, outgoing, pleasant, polite, receptive, sociable, sociable, sympathetic, talkative, thoughtful, tolerant, unreserved, warm, welcoming
Spirit	Animated, ardent, aspiring, audacious, bold, buoyant, courageous, daring, determined, dynamic, eager, energetic, enthusiastic, exuberant, fearless, fervent, fierce, fiery, forceful, gutsy, hardy, heroic, impassioned, indomitable, intrepid, lively, mettlesome, motivated, passionate, perky, persistent, powerful, radiant, resolute, robust, spirited, sprightly, stalwart, staunch, steadfast, strong, tenacious, tireless, unflinching, unwavering, valiant, valorous, vigorous, vivacious, zealous
Temperance	Abstinent, abstemious, ascetic, austere, balanced, calm, chaste, composed, considerate, controlled, courteous, disciplined, discreet, economical, even-tempered, frugal, gentle, humble, judicious, lenient, measured, moderate, modest, patient, prudent, quiet, reasonable, refrained, regulated, reserved, restrained, self-controlled, self-denying, self-disciplined, self-restrained, sensible, sober, sparing, stable, steady, temperate, thrifty, thoughtful, tolerant, unassuming, undemonstrative, unpretentious
Tolerance	Accepting, accommodating, amiable, approachable, broad-minded, charitable, compassionate, compliant, conciliatory, considerate, courteous, diplomatic, empathetic, equitable, fair-minded, forbearing, forgiving, gentle, gracious, humane, inclusive, indulgent, lenient, magnanimous, merciful, nonjudgmental, open-hearted, open-minded, patient, permissive, pragmatic, rational, receptive, reasonable, respectful, self-controlled, sensitive, serene, sincere, sympathetic, thoughtful, understanding, unbiased, unprejudiced, unresentful, unselfish, welcoming
Toughness	Adamant, bold, brave, capable, cold-blooded, collected, composed, confident, dauntless, determined, durable, enduring, fearless, firm, forceful, gritty, hardened, hardy, imperturbable, implacable, impregnable, indomitable, intense, iron-willed, mighty, resilient, resolute, robust, rugged, self-assured, solid, steadfast, steely, stern, stout, strong, sturdy, tenacious, unbreakable, unflinching, unshakable, unwavering, unyielding, valiant, vigorous, vigorous, unyielding, willful
Trustfulness	Accepting, affectionate, altruistic, authentic, believing, candid, confiding, confident, convinced, credible, devoted, earnest, faithful, forthright, frank, genuine, giving, gullible, heartfelt, honest, honorable, hopeful, ingenuous, loyal, naive, open, optimistic, reliable, reliant, secure, self-assured, sincere, steadfast, straightforward, sure, true, trustful, trusting, trustworthy, truthful, unguarded, unreserved, unsuspicious, unwary, upright, upstanding, wholehearted
Trustworthiness	Accountable, accurate, authentic, believable, bonded, certain, consistent, credible, dependable, devoted, diligent, ethical, faithful, forthright, genuine, honorable, honest, incorruptible, infallible, law-abiding, loyal, moral, objective, predictable, principled, reliable, reputable, responsible, secure, sincere, solid, sound, steadfast, straightforward, sure, true, trustworthy, truthful, unbiased, unerring, upright, upstanding, validated, veracious, virtuous, well-founded
Truthfulness	Authentic, believable, candid, clear, consistent, credible, direct, earnest, faithful, forthright, frank, genuine, honest, honorable, indisputable, insightful, legitimate, loyal, open, outspoken, plainspoken, principled, real, reliable, reputable, respectable, righteous, sincere, straightforward, sure, transparent, true, trustworthy, truthful, unambiguous, undeniable, unequivocal, unfailing, upright, veracious, verifiable
Veracity	Accurate, actual, authentic, believable, candid, clear, credible, dependable, direct, earnest, exact, factual, faithful, forthright, frank, genuine, guileless, honest, honorable, indisputable, just, lawful, legitimate, open, plainspoken, precise, real, reliable, sincere, straightforward, sure, transparent, trustworthy, truthful, undeniable, unfeigned, unequivocal, unvarnished, upright, verifiable, veritable, virtuous
Warmth	Agreeable, amiable, benevolent, cordial, courteous, diplomatic, familiar, friendly, generous, genial, gracious, grateful, hospitable, neighborly, open, pleasant, polite, receptive, straightforward, tender [From Zachary et al. (2023), p. 752]

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Virtue Dimension	Word List of related Qualities
Wittiness	Amusing, biting, brilliant, clever, comical, creative, droll, dry, entertaining, facetious, funny, humorous, imaginative, incisive, ingenious, jocular, keen, lively, nimble, perceptive, playful, pointed, quick, quick-witted, quirky, razor-sharp, satirical, scintillating, sharp, smart, sparkling, spirited, sprightly, spontaneous, stimulating, subtle, tongue-in-cheek, trenchant, urbane, whimsical, wisecracking, witty
Zeal	Alive, anxious, ardent, astonishing, avid, breakthrough, captivating, compelling, creative, dazzling, dogged, dynamic, eager, electrifying, energetic, enthusiastic, enticing, exceptional, excited, exciting, extraordinary, fabulous, fascinating, fervent, fiery, gung-ho, impassioned, ingenious, inspiring, intriguing, invigorating, lively, novel, passionate, provocative, reinvigorated, renewed, resourceful, revolutionary, rousing, spirited, stimulating, stirring, thrilling, transformative, trendsetting, unconventional, unprecedented, vehement, vigorous, visionary, vivacious, vivid, zealous [From Zachary et al. (2023), p. 752]

D.2.2. Epistemic Virtues - Virtue Rhetorics

Table D.4: This table assigns a list of related expressions of qualities to each epistemic virtue portrayed in Appendix-Subsection D.1.2, thus enabling virtue rhetorical analysis of virtue.

Virtue Dimension	Word List of related Qualities
Adaptability	Adjustable, agile, amendable, anticipative, attuned, balanced, changeable, collaborative, compliant, compromising, cooperative, deft, dexterous, diplomatic, dynamic, elastic, enlightened, experimental, flexible, fluid, forward-thinking, innovative, insightful, integrative, inventive, iterative, malleable, modifiable, nimble, open-minded, perceptive, plastic, pliable, pragmatic, quick-thinking, receptive, reflexive, resilient, resourceful, responsive, savvy, sensitive, shrewd, skilled, smart, strategic, supple, tactical, teachable, thoughtful, tolerant, transformative, tuned-in, versatile, willing-to-learn
Art	Aesthetic, artful, artistic, authentic, bold, cerebral, classic, colorful, creative, cultured, deep, delicate, discerning, dynamic, elegant, eloquent, emotive, expressive, exquisite, imaginative, innovative, inspired, intuitive, inventive, masterful, meaningful, nuanced, original, perceptive, poetic, profound, refined, reflective, sensitive, skillful, sophisticated, soulful, striking, stylish, sublime, tasteful, thoughtful, transcendent, unique, visionary, vivid, whimsical
Attentiveness	Absorbed, alert, all ears, assiduous, astute, aware, careful, circumspect, cognizant, concentrating, conscious, considerate, diligent, discerning, dutiful, engaged, exact, exacting, focused, heedful, intense, interested, listening, mindful, observant, on guard, on the ball, perceptive, prepared, punctilious, receptive, regardful, scrupulous, sharp, studious, thorough, vigilant, wakeful, watchful, wide-awake
Benevolence	Accepting, accommodating, affirming, altruistic, amiable, approachable, attentive, benevolent, big-hearted, charitable, compassionate, considerate, cooperative, courteous, dependable, empathetic, encouraging, fair-minded, forgiving, generous, gentle, giving, good-hearted, gracious, helpful, humane, kind, kind-hearted, lenient, magnanimous, mindful, nurturing, obliging, open-hearted, patient, peaceful, philanthropic, polite, proactive, reassuring, receptive, responsive, selfless, sensitive, sincere, solicitous, supportive, sympathetic, tactful, thoughtful, tolerant, trustworthy, understanding, unselfish, warm-hearted, well-meaning, willing, willing-to-help, wise, wise-hearted
Clarity	Accessible, accurate, articulate, comprehensible, concise, coherent, concrete, decipherable, definite, detailed, direct, distinct, easy-to-understand, effective, elucidating, enlightening, explicit, forthright, illuminating, intelligible, lucid, methodical, meticulous, open, organized, outspoken, perspicuous, precise, readable, recognizable, sharp, straightforward, succinct, tangible, transparent, unambiguous, understandable, unequivocal, unmistakable, vivid, well-defined, well-expressed, well-organized
Coherence	Accordant, aligned, analogous, appropriate, balanced, clear, compatible, concordant, consistent, consonant, coordinated, corresponding, dependable, detailed, disciplined, harmonious, homogeneous, in accord, in agreement, in sync, interconnected, interdependent, interconnected, interrelated, logical, lucid, methodical, neat, orderly, organized, patterned, precise, rational, reasonable, reliable, smooth, sound, stable, streamlined, structured, systematic, synchronized, tenable, thorough, unified, unison, valid, well-arranged, well-connected, well-defined, well-founded, well-organized, well-structured
Competence	Able, adept, adroit, agile, analytical, astute, capable, clever, comprehending, confident, discerning, effective, efficient, enlightened, experienced, expert, flexible, fluent, informed, insightful, intelligent, knowledgeable, learned, masterful, nimble, perceptive, polished, practiced, proficient, qualified, quick-witted, rational, reliable, resourceful, sagacious, savvy, seasoned, sharp, skillful, smart, sound, specialized, talented, thorough, trained, understanding, versatile, well-educated, well-informed, well-versed, wise
Creativity	Adaptive, artistic, brilliant, clever, clever-minded, conceptive, constructive, crafty, curious, design-minded, dynamic, eclectic, effective, effervescent, eloquent, energetic, enlightened, enterprising, experimental, expressive, flexible, forward-thinking, fresh, fruitful, gifted, imaginative, ingenious, innovative, insightful, inspired, inventive, original, perceptive, pioneering, productive, proficient, progressive, quick-witted, resourceful, skilled, smart, sophisticated, talented, unorthodox, unique, visionary, vivid, wise

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Virtue Dimension	Word List of related Qualities
Critical thinking	Analytical, astute, balanced, careful, challenging, clear-headed, cognitive, comprehensive, conceptual, conscientious, consistent, contextual, curious, discerning, discriminating, effective, empirical, evaluative, exacting, fair-minded, focused, grounded, incisive, independent, insightful, intelligent, introspective, investigative, judicious, logical, methodical, mindful, objective, observant, open-minded, perceptive, precise, probing, questioning, rational, reflective, rigorous, skeptical, systematic, thorough, thoughtful, unbiased, understanding, well-reasoned
Curiosity	Adventurous, analytical, attentive, bold, eager, energetic, enthusiastic, explorative, inquiring, inquisitive, innovative, insightful, insatiable, intellectual, interested, investigative, keen, learning, nosy, observant, open-minded, perceptive, persistent, probing, questioning, questing, ready-to-learn, receptive, relentless, research-oriented, scrutinizing, searching, seeking, speculative, thoughtful, unquenchable, venturesome, voracious, watchful, wondering
Epistemic conscientiousness	Accurate, alert, attentive, careful, circumspect, committed, compliant, consistent, deliberate, detail-oriented, diligent, disciplined, discerning, dutiful, exact, exhaustive, faithful, fastidious, focused, heedful, industrious, judicious, methodical, meticulous, mindful, orderly, organized, painstaking, particular, precise, prepared, punctilious, punctual, rational, reliable, responsible, scrupulous, serious, steadfast, studious, systematic, thorough, thoughtful, tireless, unwavering, vigilant, watchful, well-organized, well-prepared
Epistemic courage	Adventurous, assertive, audacious, bold, brave, candid, confident, daring, decisive, determined, direct, dynamic, fearless, forthright, gutsy, heroic, intrepid, knowledgeable, lionhearted, outspoken, pioneering, resolute, risk-taking, self-assured, self-reliant, spirited, steadfast, strong-minded, tenacious, unabashed, unafraid, undaunted, unflinching, unhesitating, valiant, valorous, venturesome, willing, zealous
Epistemic generosity	Accepting, altruistic, amiable, attentive, benevolent, big-hearted, bountiful, charitable, considerate, cooperative, courteous, empathetic, fair-minded, forgiving, generous, giving, gracious, helpful, hospitable, humanistic, humanitarian, kind, kind-hearted, large-hearted, lenient, magnanimous, munificent, open-handed, open-hearted, patient, philanthropic, public-spirited, receptive, selfless, sharing, sympathetic, thoughtful, tolerant, understanding, unselfish, warm-hearted
Epistemic honesty	Authentic, candid, clear, committed, conscientious, consistent, credible, dependable, direct, earnest, ethical, factual, fair, faithful, forthright, genuine, honorable, incorruptible, ingenuous, just, lawful, legitimate, loyal, moral, open, outspoken, principled, real, reliable, responsible, righteous, sincere, straightforward, transparent, trustworthy, truthful, unpretentious, upright, virtuous, wholehearted
Epistemic humility	Accepting, approachable, aware, balanced, careful, circumspect, collaborative, considerate, contemplative, cooperative, curious, deferential, discerning, empathetic, equitable, fair-minded, flexible, gracious, honest, humble, inclusive, inquisitive, introspective, judicious, learner-oriented, listening, modest, non-dogmatic, open, open-minded, patient, perceptive, pondering, prudent, questioning, receptive, reflective, reserved, respectful, self-aware, self-critical, self-reflective, sensible, sincere, studious, teachable, thoughtful, tolerant, unbiased, unassuming, unprejudiced, unpretentious, willing-to-learn, wise
Epistemic independence	Adventurous, assertive, autonomous, bold, brave, candid, capable, confident, courageous, decisive, determined, direct, driven, emancipated, fearless, freethinking, independent, individualistic, inquisitive, intrepid, liberated, mature, nonconformist, original, persevering, principled, proactive, resolute, resourceful, responsible, self-assured, self-directed, self-motivated, self-reliant, self-sufficient, steadfast, strong-minded, strong-willed, tenacious, thoughtful, unconventional, unrestrained, unyielding, venturesome
Epistemic integrity	Accountable, accurate, authentic, believable, candid, clear-sighted, coherent, consistent, credible, creditable, dependable, devoted, diligent, discerning, ethical, even-handed, exact, fair, faithful, forthright, genuine, highly-respectable, honest, honorable, impartial, incisive, insightful, judicious, just, law-abiding, lawful, loyal, objective, perceptive, principled, prudent, rational, reliable, respectable, responsible, rigorous, scrupulous, sensible, sincere, socially-responsible, sound, steadfast, thorough, transparent, true, trusted, trustworthy, trusty, truthful, unbiased, unprejudiced, upright, upstanding, values-based, veracious, virtuous
Epistemic reliability	Accurate, accountable, authentic, believable, calculated, certain, consistent, constant, credible, dependable, determined, diligent, durable, enduring, exact, faithful, faultless, firm, genuine, guaranteed, honest, immutable, infallible, loyal, meticulous, methodical, organized, predictable, precise, predictable, professional, punctual, reputable, responsible, rigorous, secure, stable, steadfast, steady, systematic, thorough, timely, trustworthy, trusty, truthful, unfailing, unwavering, unyielding, verified, verifiable, vigilant, well-founded
Epistemic temperance	Abstinent, balanced, calm, careful, chaste, circumspect, composed, constrained, controlled, deliberate, disciplined, discreet, equable, frugal, gentle, harmonious, humble, moderate, modest, patient, prudent, rational, reasonable, refrained, regulated, reserved, restrained, self-aware, self-controlled, self-disciplined, sensible, sober, sparing, stable, steady, stoic, subdued, temperate, thoughtful, tolerant, unassuming, understated, unflappable, unpretentious
Fair-mindedness	Accepting, accessible, accommodating, accurate, adaptive, agreeable, altruistic, amiable, approachable, attentive, balanced, candid, caring, clear-headed, considerate, cooperative, courteous, critical, dependable, discerning, dispassionate, equitable, ethical, even-handed, fair, faithful, forthright, generous, genuine, honest, honorable, impartial, inclusive, insightful, just, kind, level-headed, magnanimous, meticulous, mindful, neutral, objective, open, open-minded, patient, perceptive, rational, reasonable, receptive, reflective, reliable, respectful, responsible, sincere, straightforward, tolerant, transparent, trustworthy, unbiased, understanding, unprejudiced, upright, virtuous

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Virtue Dimension	Word List of related Qualities
Flexibility	Adaptable, adjustable, agile, amendable, broad-minded, changeable, compliant, cooperative, creative, ductile, dynamic, easygoing, elastic, expandable, flexible, fluid, harmonious, innovative, integrative, inventive, lenient, limber, malleable, manageable, modifiable, negotiable, nonconforming, nonrestrictive, open, open-minded, pliable, pliant, pragmatic, receptive, resilient, resourceful, responsive, supple, tolerant, transformable, variable, versatile, willing
Good sense	Acute, alert, analytic, astute, balanced, bright, circumspect, clear-headed, clever, commonsensical, composed, contemplative, cool-headed, discerning, discriminating, educated, enlightened, erudite, foresighted, informed, insightful, intelligent, intuitive, judicious, keen, knowledgeable, level-headed, logical, lucid, mindful, nuanced, observant, perceptive, perspicacious, pragmatic, prudent, rational, reasonable, sagacious, sage, sane, scholarly, sensible, sharp, shrewd, smart, sober, sound, thoughtful, understanding, well-advised, well-founded, well-informed, wise, witty
Intelligence	Acute, adept, analytical, astute, brainy, bright, brilliant, canny, clever, cognizant, competent, comprehending, conscious, discerning, educated, enlightened, erudite, insightful, intellectual, inventive, keen, knowledgeable, learned, logical, lucid, mentally-agile, mindful, nimble-minded, observant, perceptive, proficient, prudent, quick-witted, rational, reasoning, reflective, resourceful, sagacious, savvy, scholarly, sharp, shrewd, smart, sophisticated, sound-minded, thoughtful, understanding, wise, witty
Intuition	Acute, adept, adroit, agile, alert, all-knowing, almost-mystical, astute, aware, clairvoyant, clever, cognizant, comprehending, conceptual, conscious, contemplative, deep, discerning, distinct, enlightened, exceptional, extrasensory, farsighted, fast, foresighted, gifted, imaginative, immediate, in-tune, incisive, insightful, instinctive, intellectual, intelligent, internalized, intuitive, keen, knowing, mindful, natural, observant, penetrating, perceptive, perspicacious, premonitory, profound, quick, quick-witted, rational, reasonable, receptive, sagacious, savvy, sensitive, sharp, shrewd, smart, sophisticated, sound, spiritual, spontaneous, subtle, supernatural, thoughtful, understanding, uncanny, unconscious, unerring, unmediated, visionary, wise
Knowledge	Academic, acquainted, adept, analytical, apprised, astute, aware, brainy, bright, broad-minded, cognizant, comprehending, conscious, conversant, cultured, discerning, educated, enlightened, erudite, experienced, expert, familiar, farsighted, genius, informed, insightful, intelligent, intellectual, judicious, keen, learned, literate, logical, masterful, mindful, observant, perceptive, perspicacious, practical, proficient, prudent, quick-witted, rational, reasonable, sagacious, sage, savvy, scholarly, scientific, sensible, shrewd, skillful, smart, sound, studious, subtle, thoughtful, trained, understanding, well-read, wise, worldly, witty
Open-mindedness	Accepting, accommodating, adaptable, agreeable, all-embracing, altruistic, amenable, analytical, appreciative, approachable, broad-minded, charitable, collaborative, compassionate, considerate, contemplative, cooperative, courteous, curious, deferential, discerning, discerning, easygoing, empathetic, encouraging, equitable, fair, flexible, forgiving, generous, humble, impartial, inclusive, inquisitive, insightful, interested, judicious, kind, lenient, listening, nonjudgmental, nonpartisan, objective, observant, patient, perceptive, permissive, personable, positive, probing, rational, receptive, reflective, responsive, respectful, sensible, serious-minded, sincere, sociable, sympathetic, thoughtful, tolerant, understanding, unprejudiced, welcoming, willing-to-learn, wise
Practical wisdom	Advisable, alert, astute, attentive, calculating, cautious, circumspect, clairvoyant, clever, commonsensical, considerate, conscious, conservative, consistent, contemplative, deliberate, discerning, discreet, discriminating, eagle-eyed, economical, enlightened, farsighted, foreseeing, foresighted, foresighted, frugal, guarded, heedful, insightful, intelligent, intuitive, judicious, level-headed, logical, mindful, moderate, observant, perceptive, perspicacious, practical, provident, prudent, rational, reasonable, reflective, restrained, sagacious, sage, sane, sensible, sharp, shrewd, sound, strategic, tactical, temperate, thoughtful, thrifty, vigilant, visionary, wary, watchful, wise
Reflectiveness	Alert, analytical, aware, careful, cerebral, cognizant, contemplative, deliberate, discerning, discriminating, focused, heedful, inquisitive, insightful, intentional, introspective, investigative, judicious, meditative, mindful, observant, perceptive, pondering, prudent, questioning, rational, reasoned, reasonable, reflective, ruminative, sagacious, scrutinizing, sensible, sharp, shrewd, speculative, thoughtful, thorough, understanding, wise
Resourcefulness	Adaptive, agile, alert, astute, brainy, bright, brilliant, canny, capable, clever, competent, creative, cunning, dexterous, discerning, effective, efficient, enterprising, flexible, foresighted, imaginative, ingenious, innovative, insightful, inventive, judicious, keen, knowledgeable, masterful, mindful, nimble, perceptive, perspicacious, practical, proficient, prudent, quick-witted, rational, resourceful, sagacious, savvy, sharp, shrewd, skilled, skillful, smart, solution-oriented, strategic, streetwise, tactical, talented, thoughtful, wise
Self-discipline	Accountable, attentive, careful, cautious, centered, circumspect, composed, concentrated, conscientious, consistent, controlled, dedicated, deliberate, diligent, disciplined, focused, habitual, industrious, intentional, mindful, meticulous, orderly, organized, patient, perseverate, persistent, planned, prudent, punctual, purposeful, regulated, reliable, resolute, restrained, rigorous, scrupulous, self-aware, self-controlled, self-directed, self-governed, self-motivated, self-restrained, self-sufficient, stable, steadfast, steady, systematic, tenacious, thorough, unwavering, vigilant, willful
Sensitivity	Alert, analytical, attentive, aware, careful, cautious, circumspect, cognizant, considerate, discerning, empathetic, farsighted, heedful, insightful, intuitive, keen, meticulous, mindful, observant, perceptive, perceptual, perceptive, perspicacious, precise, prudent, questioning, rational, receptive, reflective, responsive, sagacious, scrupulous, sensible, shrewd, thorough, thoughtful, vigilant, wise
Simplicity	Accessible, accurate, apparent, basic, clear, comprehensible, concise, consistent, direct, distinct, easy, economical, elementary, evident, explicit, focused, frank, genuine, intuitive, lucid, manageable, minimal, modest, natural, obvious, open, parsimonious, plain, pragmatic, readable, realistic, restrained, straightforward, transparent, unadorned, unambiguous, uncomplicated, unequivocal, unpretentious, usable, user-friendly

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Virtue Dimension	Word List of related Qualities
Understanding	Acute, analytical, astute, aware, balanced, broad-minded, cogent, comprehensive, conscious, considerate, deep, discerning, empathetic, enlightened, grasping, insightful, intelligent, intuitive, judicious, keen, knowledgeable, mindful, perceptive, perceptive, perceptive, perspicacious, profound, rational, reasonable, receptive, reflective, sagacious, sensitive, sharp, shrewd, sophisticated, sympathetic, thoughtful, tolerant, well-informed, wise
Wisdom	Acute, adept, adroit, alert, analytical, astute, aware, brainy, clear-sighted, clever, cognizant, common-sense, contemplative, discerning, educated, enlightened, erudite, farsighted, genius, informed, insightful, intelligent, intuitive, judicious, keen, knowledgeable, learned, logical, lucid, mindful, nimble, observant, perceptive, perspicacious, practical, prudent, quick-witted, rational, reasonable, reflective, sagacious, sage, sapient, savvy, scholarly, sensible, sharp, shrewd, smart, sophisticated, sound, thoughtful, understanding, well-judged, well-read, well-rounded

D.3. Associated Virtue Groups in Impact Investing

This section adds to the result of the analysis of virtue expression in Section 5.3 on the base of the collection of virtue rhetoric as a primer for virtue analysis described in subsection 5.1.2. In the following two subsections, the moral and epistemic virtues deemed relevant in impact investment as a subset of Business Ethics (collection presented in Appendix-Subsection D.1.1 and Appendix-Subsection D.1.2) are grouped and explained. For each virtue group, which constitute of virtues of high similarity and virtues that are character traits of related qualities, an assigned representative virtue is named which combines the intent in expression of the other group members best. Each group (within Table D.5 in Appendix-Subsection D.3.1 and respectively Table D.6 in Appendix-Subsection D.3.2) is then explained thoroughly for what relevance each has in impact investing and what would constitute virtuous thinking and acting.

D.3.1. Moral Virtues - Categorization

Table D.5: This table includes the made distinction between a (moral) **Representative Virtue** with its associated **Group Members**, to which they are synonymous or closely related. The most expressive virtue, whose terminology is the most widely common to be associated with a chosen character trait, has been chosen to represent their respective group. Each group and their representative virtue and its interpretation to this research are explained thoroughly.

Representative Virtue	Group Members (Virtues)	Explanation of the Group
Courage	Heroism + Toughness + Honor + Pride	The virtue of courage and related qualities are present in moral decisions, acting, and thinking of the moral agent. In venturing or in concluding to certain bolt conclusions, acting brave and straightforward is a sign of courage that empowers the agent to achieve ethical outcomes in cases where without the engagement of the moral agent such would not have be achieved. Often, conditions to act and think moral are severe due to external constrains.
Diligence	Conscientiousness + Consistency + Reliability + Responsibility + Loyalty + Fidelity	The virtue of diligence and related qualities considers the accuracy, efficiency, effectivity, and consistency over time of the actions of the moral agent in the position they have. In impact investing, this relates the fulfillment of one's task accordingly to set expectations by others and the practice itself.
Empathy	Caring + Compassion + Respect	The virtue of empathy and related qualities express the property of the moral agent to act kind, think kind, and address people with the care and attention they require. Empathy is about equity and addressing the particularities of third parties. In general, empathy or the capacity to be empathetic are a consequence of the emotional intelligence of the moral agent.
Friendliness	Agreeableness + Amiability + Extroversion + Sociability + Warmth	Different from empathy as the application of emotional intelligence in practice, the virtue of friendliness and related qualities are inherent to the personality of the moral agent. Their demeanor is deemed pleasant, thus allowing others for smooth and positive interaction.

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Representative Virtue	Group Members (Virtues)	Explanation of the Group
Generosity	Liberality + Munificence + Beneficence + Magnanimity + Magnificence	The virtue of generosity and related qualities are associated with the willingness to provide others with means to achieve eudaimonia. In impact investing, this relates to providing capital, time, and people where it is appropriate and when it is needed.
Good Judgement	Articulateness + Foresightedness + Consciousness	The virtue of good judgement and related qualities express the quality of the moral agent to assess a situation appropriately regarding ethical aspects, deliberate well and articulate or execute a suitable response to given events. This includes being aware of the impact of one's actions and spoken words, and the anticipation of responses by others.
Good Temper	Humor + Wittiness	The virtue of good temper and related qualities are conducive in dealing with everyday situations. Morality itself is susceptible to good temper, as humor alleviate severe situations of conflict and uncertainty, thus facilitating finding ethical decision-making and social cooperation. Humans as social beings use humor in all parts instances of life situation, business not excluded.
Humility	Gentleness + Modesty + Contentment + Gratitude	The virtue of humility and related qualities describe a certain awareness to one's achievement and position in society and business. Humility is conducive to fulfill the moral obligation not to take advantage of others based on one's ability, power, means, etc. On the receiving end, the humble moral agent shows respect, patience, and gratitude regarding particular situations, people, and means where an appropriate response is appropriate.
Independence	-	The virtue of independence describes the trait to make independent (autonomous) moral decision by the moral agent, independent of a required input by other agents. This is true in case the fund manager thinks and act in isolated moral sphere where no principles, norms, rules, or values exist but their own. As the fund manager is integrated within a set of institutional logics, this independence is limited.
Integrity	Honesty + Incorruptibility + Truthfulness + Veracity + Fairness + Sincerity + Justice + Trustworthiness + Trustfulness	The virtue of integrity and related qualities are the core traits in impact investing in its complex social structure, stakeholder diversity, and financial practice. Trust, fairness, equity, and obeying truth and sincerity are the central element of any successful business practice involving the interaction of human beings. Having integrity as a private and professional person enables action to be followed by the right reaction (insofar the other recipient has integrity), because moral values are not infringed, and the other being has no reason not to but their own lack of character.
Leadership	Entrepreneurship + Competitiveness + Self-improvement	The virtue of leadership and related qualities are inherent to those who lead successfully both in terms of outcomes and in the adherence to ethical standards which are self-imposed or defined by other entities. Leadership is a quality which is a prerequisite to hierarchal structures in which others follow on the principles of perceived competence and trust. As such, leadership demands the exposition to others and the anticipation to be followed.
Self-regulation	-	The virtue of self-regulation can be considered as the moral 'super-virtue' in impact investing, as it refers to the ability to monitor and manage one's thoughts, emotions, desires, and behaviors in a way that aligns with long-term goals or ethical standards in impact investing (see also Section 6.1.3). The term is more holistic than the moral virtues of temperance and self-control because it involves a constant, deliberate effort to align one's behavior with one's values or external expectations in alignment with long-term goals (Baumeister and Heatherton, 1996; Baumeister and Juola Exline, 1999). Self-regulation is not just about suppressing impulses but includes proactive behavior, emotional intelligence, and adaptability (compare to Temperance below).
Temperance	Self-control	The virtue of temperance and related qualities are the base traits of socially functional beings, as inconsistency in behavior with potentially violent and immoral inclinations are detrimental for interaction. With regard to impulse control and short-term satisfaction, temperance is specifically about moderation in the face of physical pleasures and maintaining balance, whilst self-control is the active exercise of willpower to resist temptation or short-term gratification for the sake of a greater good. In a more mild form, this entails responding to potentially positive/negative impulses accordingly, without over or under-reacting to a new moral setting. In impact investing or finance in general, this is crucial when investments made have under/over-performed and future success is depending upon the right conclusions made regarding the moral consequences of the decision.

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Representative Virtue	Group Members (Virtues)	Explanation of the Group
Tolerance	Acceptance	The virtue of tolerance and the related quality of acceptance are character traits that enable the moral agent to deal with varying institutional logics in business. Being tolerant to another persons values, norms, (religious)beliefs, and goals whilst pursuing one's own intent is key quality.
Zeal	Ambition + Determination + Passion + Spirit	The virtue of zeal and related qualities are key to the inherent drive and motivation to achieve financial and social impact. These virtues entail character traits that aim at achieving one's goals for the sake of higher standards or the interests of one's organization or oneself.

D.3.2. Epistemic Virtues - Categorization

Table D.6: This table includes the made distinction between a (epistemic) **Representative Virtue** with its associated **Group Members**, to which they are synonymous or closely related. The most expressive virtue, whose terminology is the most widely common to be associated with a chosen character trait, has been chosen to represent their respective group. Each group and their representative virtue and its interpretation to this research are explained thoroughly.

Representative Virtue	Group Members (Virtues)	Explanation of the Group
Adaptability	Flexibility + Resourcefulness	The virtue of adaptability and related qualities describe the ability of the epistemic agent to react to new information in dynamic situations. Situations and the available knowledge are frequently altered by events outside the reach of the agent. To exemplify, the fund manager has to change their thinking and acting if investors change their return expectations, SEs struggle with sudden emergence of a competitor, or the fund is confronted with new regulation. In any case, the fund manager has to make arrangements to embrace a new set of knowledge to assure effective and sound impact investments.
Art	Competence	The virtue of art and the related quality of competence involves the successful utilization of knowledge for a pre-defined cause. In general, this entails the step in between the processing of knowledge and its practical application. As knowledge is inherently inactive, the epistemic agent needs to be sufficiently competent to integrate it into a decision-making process. Impact investing as a financial service uses knowledge similarly to producing crafts, pairing knowledge with skill to create value.
Coherence	Clarity + Simplicity	The virtue of coherence and related qualities entail the nature of data communicated, as perceived by other epistemic recipients. Information ought to be stored, processed, and conveyed in simple terms that allow others to extract the content without obstacles due to capacity or capability. This is conducive to reduce testimonial injustice as the reception of knowledge is linked to one's background, education, culture and other means. To prevent ableism, clear communication and non-exclusionary usage of terminology is demanded.
Critical thinking	Curiosity + Reflectiveness + Sensitivity + Attentiveness	The virtue of critical thinking and related qualities are key enabler of information processing of the epistemic agent. The angle of approach to data, the reflection of its origin, its potential bias and intent ought to be analyzed. Information holds power, and false information, skewed content and other forms of knowledge impurities influence the epistemic agent with or without their knowledge. Hence, a key trait is to have a certain level of awareness when exposed to new information. Additionally, this entails to exceed the boundaries of knowledge and actively seeking additional epistemic goods to complement given information.
Epistemic generosity	Benevolence	The virtue of epistemic generosity and the related quality of benevolence describe character traits involving the sentiment in sharing knowledge with others. Analogous to the moral virtue of generosity, in which includes the willingness to provide necessary means to others, knowledge is considered a resource whose provision to others enables those who receive to be better off. The epistemic agent ought to share their knowledge in order to prevent information asymmetry or other imbalances that are detrimental to effective collaboration and or the profession of the agent. The pre-paradigmatic nature of impact investing requires a certain openness to provide others with information on how to do effective and ethical stakeholder management.
Epistemic humility	Open-mindedness	The virtue of epistemic humility and the related open-mindedness are expressed by awareness of one's own limitation in knowledge and potential deficits in knowledge possession, acquisition, faculty of processing, or means of distribution. To embrace one's limitations openly in communication and interaction with third parties as well as actively aiming to close one's knowledge gap (whilst also being honest about one'capacity and capability to do so) is deemed appropriate.
Epistemic independence	Epistemic courage	The virtue of epistemic independence and epistemic courage is different to critical thinking in its nature to seek aspired knowledge. It extends it to a healthy desire to seek knowledge actively rather than complementing existing information. It includes a certain independence to be autonomous in the acquisition of new insights independent of others, which prerequisites certain levels of capacity and capability. As the fund manager is integrated within a broad knowledge network and is codependent on internal and external stakeholders, epistemic independence and courage are limited.

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Representative Virtue	Group Members (Virtues)	Explanation of the Group
Epistemic integrity	Epistemic honesty	The virtue of epistemic integrity and the related epistemic honesty extent the moral virtue of integrity to epistemology. Similar, the truth, honesty, equity, and fair distribution of knowledge by a trustworthy epistemic agent are characteristics of these traits. Moreover, not to abuse knowledge in any manner and being dependable in collaboration with others are key qualities of individuals of this virtue. For example, the fund manager is being imposed a condition to made investments by the investors, the knowledge of which and its consequences ought to be openly and truthfully communicated by the manager to their stakeholders.
Epistemic reliability	Epistemic conscientiousness	The virtue of epistemic reliability and the related epistemic conscientiousness concerns the mechanistic structure of the knowledge management by the epistemic agent. It is a factor of diligence, to be responsible for the knowledge one receives, as would accurate accounting be diligent in the handling of capital. Knowledge should not be altered without disclaim, the emitter of knowledge (here reliability as the counterpart of critical thinking), is responsible for the quality and authenticity of information provided to others. This virtue can be seen as a sub-virtue of epistemic integrity, here separated to exclude the moral implications described in latter.
Epistemic temperance	Self-discipline	The virtue of epistemic temperance and self-discipline include the disposition to take appropriate measures in the inquisition of knowledge, the right effort made in the processing of knowledge, and the provision of sufficient proof for one's conclusion (justification) for one's thinking and action towards others. Knowledge processes take time and effort, the correct amount dedicated is key quality by the epistemic agent to function in business. Hasty decisions, careless and harmful collection methods as well as lack of rigor are detrimental to the efficiency and effectivity of impact investments.
Good sense	Fair-mindedness	The virtue of good sense and related fair-mindedness are complementary to practical wisdom in the sense that they are positively related to the quality of practical wisdom. Here, they are named as an independent virtue group to underline the intrinsic holistic understanding of one's judgement in resonance with others. This includes being aware of one's thinking and acting, therefore being sensible to the implications of one's judgement to individuals, and society as a whole. This allows the epistemic agent to make holistically fair conclusions based on possessed knowledge.
Intelligence	-	The virtue of intelligence related to the quality the epistemic agent to handle knowledge. The terminology entails the ability to perceive knowledge and to differentiate between relevant and irrelevant pieces of information, not any measures of cognitive intelligence (e.g., IQ).
Practical wisdom	Intuition + Creativity	The virtue of practical wisdom and related qualities key in framing deliberation processes in interdependence with other individuals allows the fund manager to be virtuous in practice. Essentially, practical wisdom enables the epistemic agent to make morally good decisions and act upon them, thus permeating through the moral and epistemic spheres. With neo-Aristotelian often not differing between epistemic and moral virtues, practical wisdom is the key virtue in synergy between both to achieve long-term eudaimonia in business. In impact investing, practical wisdom is the most important epistemic virtue at the central node of the fund manager where knowledge streams intersect, amplified by practical wisdom of the manager in their work.
Wisdom	Understanding + Knowledge	The virtue of knowledge and related qualities are central element of epistemology in virtue theory. Derived from the Aristotelian *sophia*, *nous*, and *episteme* (respective order), wisdom as the combination of knowledge and understanding can be considered as the epistemic 'super-virtue' in impact investing. Without wisdom as the understanding of fundamental truths about the world and knowledge on the underlying principles, no successful business can be achieved. The 'ideal' fund manager possesses sufficient knowledge on aspects related to their profession to be able to be active in stakeholder management. Again, divergence from the 'ideal' fund manager as developed in this research are nuanced, as such a non-ideal individual can not automatically be considered unable to be a suitable epistemic agent in impact investing per se, since they can achieve a more optimal moral state by the education and habituation of associated virtue.

D.4. Example of Virtue Groups Instances

This appendix-section includes examples of virtue expression from the primary and secondary data sources as the result of the qualitative coding effort, based on the analysis of virtue rhetorics in spoken and written testimony (see Section 5.1.2 and Appendix-Section D.2). For each Table included within their respective subsection (Table D.7 in Appendix-Subsection D.4.1 and Table D.8 in Appendix-Subsection D.4.2), examples of virtue are quoted if applicable.

D.4.1. Moral Virtue - Examples

Table D.7: This table includes quotes that are associated with the expression of a certain representative moral virtue from the primary data (semi-structured interview transcripts) and secondary data (corporate documents).

Representative Virtue	Data Source	Example
Courage	Interviews	"At our fund, we're deeply involved, or 'getting our hands dirty,' investing in sustainable development in complex, sometimes risky environments." + "To truly commit to succeeding in region, you have to go all in, as if there's no turning back." + "I ended up leaving that consulting job because I felt out of my element, realizing that it often takes years of experience to truly add value."
	Corporate Data	"Despite the difficulties in the financial markets, we launched the NLC Health Impact Fund (HIF), our fourth dedicated impact fund committed to catalyzing positive change in healthcare in June 2023." - (NLC Ventures Netherlands BV, Impact Report, p. 3, 2023) + "When I met Wim, in 2007, I mentioned I was thinking of starting my own business. He suggested we join forces, and here we are, more than 12 years later." - (Goodwell Investments BV, Impact Report, p. 5, 2019) + "We have to venture beyond boundaries. The extraordinary is not a situation that can be achieved, but an objective that we need to work towards." - (Noshaq SA, Mission Statement, p. 1, 2024) + "Investing in African countries where there is little private investment." - (Amethis Investment Fund Manager SA, Operating Principles for Impact Management, p. 4, 2023) + "Bamboo is also the international fund manager appointed by the World Bank and the Governments of Haiti and Madagascar respectively, for the Off-Grid Electricity Fund (OGEF) and the Off-Grid Market Development Fund (OMDF). Both of these funds aim to accelerate access to renewable energy in their respective geographies." - (Bamboo Capital Partners, Operating Principles for Impact Management, p. 3, 2023)
Diligence	Interviews	"We actively manage our investments and part of this involves allocating a management fee over three years, essentially covering someone's salary." + "Our support for businesses is ongoing, where we act as coaches and supporters rather than operators." + "I've taken my limitations and the increasing personal engagement I've experienced, and integrated these into my professional life." + "We set stringent criteria related to carbon reduction that startups must meet before we consider investing or providing financial support."
	Corporate Data	"With 5 regional offices in each continent and a team of 80+ employees, we ensure proximity with our investees, which allows us to easily conduct on-site visits for due-diligence and monitoring purposes with each investee." - (Incofin (Investment Management NV), Operating Principles for Impact Management, p. 3, 2022) + "The management teams of the portfolio companies bear the primary responsibility to ensure their company appropriately manages the relevant ESG themes." - (Gimv NV, Responsible Investing Policy, p. 2, 2022) + "BIO uses its development Assessment, Monitoring and Evaluation (AME) framework to monitor its development impact all throughout the investment period." - (Belgian Investment Company for Developing countries (BIO), Operating Principles for Impact Management, p. 2, 2023) + "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 Environmental, Social and Governance (ESG) risks." - (FMO Entrepreneurial Development Bank, Operating Principles for Impact Management, p. 6, 2022) + "Monitoring the progress of Bamboo's investments in achieving impact is at the core of Bamboo's activity and is fully integrated into Bamboo's investment process." - (Bamboo Capital Partners, Operating Principles for Impact Management, p. 11, 2023)
Empathy	Interviews	"Success is unlikely if you compromise the interests of others in the process." + "We dedicate time to grasp the specific challenges of the communities we serve and customize our support to meet their needs." + "Our method is rooted in empathy; we deeply interact with community members to grasp their desires and goals." + "We focus on defining and agreeing on the right Key Performance Indicators (KPIs) to ensure people are rewarded appropriately." + "It's important to meet with people face-to-face, acknowledge their contributions, and guide them towards necessary changes." + "Empathy is particularly vital at the early stages because you're often interacting with people who have limited resources."

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Representative Virtue	Data Source	Example
	Corporate Data	"We respect people, society and different cultures and support the aims of the United Nation's Universal Declaration of Human Rights." - (Una Terra Venture Capital Impact Fund, ESG Strategy, p. 5, 2023) + "At Inpulse, we strongly believe that it is important to support women entrepreneurs and to make efforts to reduce the gender equality gap." - (Inpulse Investment Manager SC, Impact Report, p. 3, 2022) + "FIRST supports leading scientists in these fields to transform their breakthrough discoveries into sustainable, innovative companies that can develop the products needed to improve patient's lives." - (BGV (BioGeneration Ventures), ESG & Impact Report, p. 6, 2022) + "We learnt what it's like on the ground: from the intricate dynamics of the living soil food web, to the inner workings of pepper threshing machines and the nitty-gritty of shipping and logistics." + "These solutions facilitate and encourage both professionals and individuals to take better care of themselves and their surroundings." - (Grounded Investment Company BV, Impact Report, p. 5, 2022)
Friendliness	Interviews	NONE - 'Base Virtue' as a prerequisite to do business, derived from the Theoretical Model (see Chapter 4 and discussed in Chapter 6). Evidence of friendliness was concluded by the sentiment during the semi-structured interviews and the impression by the participants on the researcher.
	Corporate Data	NONE - 'Base Virtue' as a prerequisite to do business, derived from the Theoretical Model (see Chapter 4, and discussed in Chapter 6).
Generosity	Interviews	"If these ventures eventually succeed, they'll repay the loan, but if they fail, the investment is lost, which is why we liken it to philanthropic venture philanthropy rather than traditional investing." + "I'm just helping to make the world a better place. You know, improving the world for those who live in it." + "We invest in startups at very early stages, helping them attract more people." + "We fund many companies that traditional funds reject because they can't demonstrate the high returns needed for overall fund performance." + "We have allocated a portion of our personal capital specifically for impact investments, without overly restrictive criteria."
	Corporate Data	"Bamboo invests in companies that serve unreached or underserved low- to middle-income populations in developing countries. Bamboo specifically targets companies whose products, services or operations result in positive social and/or environmental changes, such as improvements in the quality of life or efficiencies that translate into increased income or reduced expenses for target populations." - (Bamboo Capital Partners, Operating Principles for Impact Management, p. 2, 2023) + "DFCD has committed significant resources to support environmental sustainability and social responsibility initiatives." - (Dutch Fund for Climate and Development (DFCD), Annual Report, p. 11, 2023) + "Triple Jump strategically invests in initiatives that not only mitigate environmental risks but also empower women, ensuring that our interventions foster resilience and inclusivity." - (Triple Jump, Impact Report, p. 28, 2023) + "At Thuja, we are committed to creating not just financial value, but also value for patients and healthcare professionals. This commitment is reflected in the way we select and manage investments. Our support includes financial support as well as practical advice and guidance." - (Thuja Capital Management BV, Impact and ESG Policy, p. 3, 2023) + "We provide finance and development solutions for important global challenges, such as local economic development and climate change, that allow businesses and project owners to create impact." - (Invest International BV, Impact & ESG Policy, p. 8, 2023)
Good Judgement	Interviews	"Our goal is to achieve sustainable and positive financial outcomes under the given circumstances." + "The primary measure for our investments is their impact, which we prioritize over all else." + "In addition to strengthening the team, we also help refine the company's strategy, acting as a partner to management by offering feedback and challenging their thinking." + "We take the time during due diligence to get to know each other and ensure that we share the same values." + "To understand the deal team's considerations, we must respect their need to close deals and meet client needs, which is essential for impact and profitability. We bring in external perspectives, welcome complaints, and engage with critical partners to educate and collaborate."
	Corporate Data	"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." - (Amethis Investment Fund Manager SA, Operating Principles for Impact Management, p. 4, 2023) + "IRC strives to improve the sustainability reporting capacity of its investees and make them aware of any material impacts related to their industry." - (Infinity Recycling BV, Principle Adverse Impact Statement, p. 3, 2024) + "If IRC does not identify noticeable progress from the investees throughout the monitoring for the next quarter, IRC might impose sanctions, and, in most serious situations, possibly adopt disinvestment measures." - (Infinity Recycling BV, Principle Adverse Impact Statement, p. 4, 2024) + "We only invest in companies that address one of the biggest challenges of our time. Companies for whom every unit they sell, is a unit of impact." - (Rubio Impact Ventures (Rubio Fund Management BV), Impact Report, p. 4, 2022)
Good Temper	Interviews	NONE - 'Core Virtue' as a potentially beneficial quality of the fund manager in social interaction, derived from the Theoretical Model (see Chapter 4, and discussed in Chapter 6).

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Representative Virtue	Data Source	Example
	Corporate Data	NONE - 'Core Virtue' as a potentially beneficial quality of the fund manager in social interaction, derived from the Theoretical Model (see Chapter 4, and discussed in Chapter 6).
Humility	Interviews	"They are indeed creating a better world, and as investors, we support them by providing the necessary capital. Us fund managers, we are a mean to an end, so to say, as investors." + "Though not based in religion, our approach echoes the ethical principle: 'Do unto others as you would have them do unto you.'" + "Recognizing and discussing any compensations for acknowledged issues is crucial in our discussions." + "Our values of transparency, humility, inclusion, empathy, and vision are clearly stated on our website, guiding our operations." + "It's a valid question, and indeed, learning from these experiences, sometimes harshly, has been part of my journey to avoid conflicts of interest based on my initial inspirations."
	Corporate Data	"Although Circular Investment only started in 2019 and our portfolio is still small, it is taking shape and showcasing the diversity of our interests and the holistic approach we take to bringing our vision and purpose to life." - (Circular Investment BV, Impact Report, p. 2, 2020) + "We respect the fact that the investors in our funds, entrepreneurs we support and co-investors in our portfolio companies may have their own requirements and approaches to these topics. We welcome the feedback of all stakeholders regarding our approach as we work together to transform the food economy." - (Atterra Capital BV, Impact Commitments, p. 7, 2020) + "We strive to build a culture of cognitive and cultural diversity that embraces difference and fosters inclusion." - (Una Terra Venture Capital Impact Fund, ESG Strategy, p. 6, 2023) + "We acknowledge that IESG policies and processes need to be continuously adapted to ensure that they keep up with market developments, new ESG issues and risks and evolving stakeholder expectations." - (Invest International BV, Impact & ESG Policy, p. 14, 2023)
Independence	Interviews	NONE - Special implications of this virtue, discussed in Chapter 6.
	Corporate Data	NONE - Special implications of this virtue, discussed in Chapter 6.
Integrity	Interviews	"We are responsible for further assisting the company we invest in and for managing the invested capital. As you mentioned, we owe it to our investors to ensure their money is effectively utilized." + "Unlike some impact investors who might overlook specific issues or give non-committal responses, we strive to be proactive, transparent, and sensitive to global concerns." + "While we don't take on C-level roles, we actively participate in various aspects like recruitment, market entry strategies, and financial structuring." + "It's essential to keep our core message consistent as we progress through different funding stages because that's how funds develop." + "Being transparent and recognizing that you're managing someone else's money is the most critical aspect of our mandate."
	Corporate Data	"We keep strict ESG (Environmental, Social and Governance) standards - we give investees support to improve their ESG management and performance - and focus on gender equality." - (XSML Capital, Operating Principles for Impact Management, p. 1, 2023) + "Employees must always act honestly, impartially, professionally and transparently with third parties and in the best interests of Rockstart." - (Rockstart Enterprises BV, Code of Conduct, p. 9, 2021) + "We have finished our sustainability policy, created our SFDR Article-related documents, created our assessment tool, fully embedded the impact game plan in our standard way of venture support, and filed the UN PRI report for the first time." - (DeeptechXL Fund Management BV, Impact Report, p. 6, 2023) + "We take full responsibility for everything we do individually and as a team." - (DeeptechXL Fund Management BV, Impact Report, p. 56, 2023) + "We adhere to the precautionary approach, meaning that wherever the possibility of severe or irreversible damage is perceived, a lack of complete scientific certainty may not be used as an excuse for delaying effective action to prevent damage to the environment or human health." - (Circular Investment BV, Impact Report, p. 7, 2020)
Leadership	Interviews	"In our active management role, following an investment, we not only allocate a management fee over three years, but I or one of my colleagues also take a position on the board." + "We take an active role in our investments, often participating on company boards or maintaining an observer status to ensure we are fully informed on all operational aspects." + "Look for people who share your motivation, surround yourself with them, and move forward together." + "Being in charge of a fund requires constant self-evaluation, especially now that we are on our third fund, to assess if I'm still the right person for this responsibility." + "We sharpen their thinking, sometimes challenge them, offer feedback. This is our strategy."

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Representative Virtue	Data Source	Example
	Corporate Data	"We aim to meet the highest standards in this area, which are in continuous evolution." - (Astanor GP Sàrl, Operating Principles for Impact Management, p. 2, 2023) + "Amethis accompanies the company to synthesize the ESG work done during the years of joint work, and to define the next steps post-sale." - (Amethis Investment Fund Manager SA, Operating Principles for Impact Management, p. 10, 2023) + "BIO does not finance activities in breach with the Harmonized EDFI Exclusion Lists. BIO also requires that all clients comply with applicable environmental, social, labour and human rights laws and international conventions in the countries they operate." - (Belgian Investment Company for Developing countries (BIO), Operating Principles for Impact Management, p. 6, 2023) + "Impact Expansion team commits to help its portfolio companies estimate and mitigate ("Do Not Harm Principle")." - (Impact expansion (KOIS), SFDR Compliance, p. 10, 2024) + "To create progress and improvements, you need to be able and willing to take the lead and act. Our model for measuring social impact includes assessing how our investments contribute to a better livelihood for consumers." - (Goodwell Investments BV, Impact Report, p. 7, 2019)
Self-regulation	Interviews	NONE - 'Super Virtue' derived from the Theoretical Model (see Chapter 4 and discussed in Chapter 6).
	Corporate Data	NONE - 'Super Virtue' derived from the Theoretical Model (see Chapter 4 and discussed in Chapter 6).
Temperance	Interviews	'Base Virtue' as a prerequisite to do business, derived from the Theoretical Model (see Chapter 4 and discussed in Chapter 6). Examples of temperance in action of the fund manager are: "As an investor, there's a lot of pressure to deliver, but it's important to stay grounded and recognize that many factors are beyond your control. Emotions can run high, especially when a venture's survival is at stake." + "A good fund manager can create opportunities by staying calm and knowing the right thing to say at the right time, which often comes from experience." + "It's important to stay calm in any situation, even under pressure, to find solutions and make decisions when time is tight."
	Corporate Data	NONE - 'Base Virtue' as a prerequisite to do business, derived from the Theoretical Model (see Chapter 4 and discussed in Chapter 6).
Tolerance	Interviews	"The most productive discussions occur when people are open and share their fears and thoughts honestly." + "We consider all perspectives before making decisions, but we can't guarantee we'll follow all recommendations, as we must weigh different viewpoints." + "We work with all sorts of people that all have a different origin, inspiration or spiritual origin. That is fine as long as we can talk about it and recognize each other in our differences and commonalities."
	Corporate Data	"We strive to comply with all applicable legal, regulatory and ESG requirements and strive to respect international norms of behaviour." - (Una Terra Venture Capital Impact Fund, ESG Strategy, p. 7, 2023) + "We respect people, society and different cultures and support the aims of the United Nation's Universal Declaration of Human Rights." - (Una Terra Venture Capital Impact Fund, ESG Strategy, p. 5, 2023) + "We respect the fact that the investors in our funds, entrepreneurs we support and co-investors in our portfolio companies may have their own requirements and approaches to these topics. We welcome the feedback of all stakeholders regarding our approach as we work together to transform the food economy." - (Anterra Capital BV, Impact Commitments, p. 7, 2020) + "Employees also have a responsibility to respect the rights of others and to ensure that equal opportunity is provided across all Rockstart companies." - (Rockstart Enterprises BV, Code of Conduct, p. 6, 2021)
Zeal	Interviews	"I've always been motivated to engage in work that aligns with my values, faith, and life passions." + "The goal of our mission isn't simply to earn the most profit but to actively contribute to positive change globally." + "Although I always have this nagging feeling, my real passion lies in moving to new countries and starting businesses rather than just focusing on the core money-making activities of the company. I get enthusiastic about finding companies and trying to help them forward." + "Our primary mission as a climate tech fund is to invest in companies that help decarbonize our societies."
	Corporate Data	"At Astanor, we are driven by a pressing urgency to combat climate change, biodiversity loss and improve the health of humanity and the planet." - (Astanor GP Sàrl, Operating Principles for Impact Management, p. 2, 2023) + "I then took a sabbatical to some remote parts of India and met people like Muhammed Yunus, the social entrepreneur who founded Grameen Bank. He and other entrepreneurs strengthened my vision that financial inclusion is key to inclusiveness." + "At SHIFT Invest, we are driven by the desire to address major environmental challenges through the transformative power of entrepreneurship and capital." - (Goodwell Investments BV, Impact Report, p. 5, 2019) + "Since then, driven by our entrepreneurial and innovation mindset, risk management skills, and above all our passion to contribute to the capital market development in frontier markets." - (Cardano Development, Impact Review and Trends, p. 3, 2022) + "By supporting the improvement of healthcare, we strive to generate positive, measurable impact, alongside a financial return." - (Thuja Capital Management BV, Impact and ESG Policy, p. 3, 2023)

D.4.2. Epistemic Virtue - Examples

Table D.8: This table includes quotes that are associated with the expression of a certain representative moral virtue from the primary data (semi-structured interview transcripts) and secondary data (corporate documents).

Representative Virtue	Data Source	Example
Adaptability	Interviews	"Navigating the evolving political scene adds complexity to promoting social impact, which was simpler in the past." + "When you join a new organization, learning from colleagues, team members, and superiors is crucial, making them a source of inspiration across various aspects." + "Sometimes, the realities of a fund don't align well with its initial criteria, which is a learning point for us." + "It's first also having being able to switch idea in a second, be able to pivot it from this idea to another one."
	Corporate Data	"This is done through regular exchanges (several times a year), site visits, and ad hoc support depending on the specific needs of each investee." - (Amethis Investment Fund Manager SA, Operating Principles for Impact Management, p. 7, 2023) + "We believe that impact is about changing perspectives, changing consumer attitudes, new forms of cooperation, shifting roles of public agents, and new types of regulations and guidelines." - (ABN Amro Sustainable Impact Fund, Impact News, p. 4, 2022) + "Our organization is built around the belief that we achieve the best results when we take a collaborative approach, i.e., by working with local teams who understand the local issues and the solutions offered by local entrepreneurs." - (Goodwell Investments BV, Impact Report, p. 6, 2019) + "Our focus for 2024 and beyond is on sustainable growth and expanding our impact. We're exploring new sectors like biodiversity and enhancing our digital solutions to keep pace with global needs." - (Triple Jump, Impact Report, p. 13, 2023) + "CSAF is a global network of social lenders who share similar values, allow peer-to-peer learning and exchange of best practices. This has been instrumental in enabling Kampani to better respond to the complicated realities of the market." - (Kampani, Annual Report, p. 2, 2023)
Art	Interviews	"We have successfully established three companies from the ground up in Southern Africa." + "My experience has been very rewarding, as I've gained valuable analytical skills that I now use in my work." + "With over ten years of experience and having seen more than 2,000 companies, I've gained a lot of knowledge."
	Corporate Data	"We expect our team to be ESG aware, knowledgeable of the frameworks (incl. EU taxonomy), integrating ESG into the fund's investment decisions." - (Junction Growth Partners BV, ESG Policy, p. 3, 2024) + "In 2022, Helenos contributed to food security by supporting local rural activities and the financial inclusion of underserved rural populations, such as smallholders farmers and agricultural microenterprises. A total of 50,547 rural loans were disbursed by our investees, almost 10% more than last year." - (Inpulse Investment Manager SC, Impact Report, p. 11, 2022) + "Recruitment is based on experience and affinity in the field of impact investing. Each newcomer at Incofin IM receives an induction training that includes an impact onboarding session." - (Incofin (Investment Management NV), Operating Principles for Impact Management, p. 6, 2022) + "Our investment associates are in contact with our investees on a weekly basis and visit them regularly to catch up, discuss areas to improve the business, monitor progress and talk about potential new business opportunities." - (XSML Capital, Operating Principles for Impact Management, p. 8, 2023) + "Our team comprises experts with decades of experience in environmental science and finance." - (Dutch Fund for Climate and Development (DFCD), Annual Report, p. 4, 2023)
Coherence	Interviews	"When outcomes are not as expected, consider whether the instructions were unclear or if the execution was flawed." + "Our values of transparency, humility, inclusion, empathy, and vision are clearly stated on our website, guiding our operations." + "I make it clear that this job is highly challenging and risky, and it's something you undertake because you believe in its deeper purpose." + "Talk about your results, in an honest but also in such a way that people really understand and accept. You know the outcomes."
	Corporate Data	"Amethis applies the same standardized ESG and impact for all its new deals, allowing aggregation at a portfolio level." - (Amethis Investment Fund Manager SA, Operating Principles for Impact Management, p. 6, 2023) + "It supports the strong ESG dynamic defined in a transition policy, which sets out the group's vision within the framework of its funding/investment activities." - (Noshaq SA, Mission Statement, p. 1, 2024) + "Our approach is simple - start with getting the basics right." - (Grounded Investment Company BV, Impact Report, p. 19, 2022) + "Truvalu developed and offers entrepreneurs a simple interactive and dynamic financial dashboard that offers a visual representation of periodic performance and forecast." - (Truvalu BV, Impact Report, p. 29, 2023) + "Success for Anterra Capital depends upon clear disclosure and timely communication of relevant and material information to facilitate high-quality decision-making." - (Anterra Capital BV, Impact Commitments, p. 8, 2020)

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Representative Virtue	Data Source	Example
Critical thinking	Interviews	"Our unique position is due to the capital we provide, which initiates everything, and we are committed to supporting the company's growth." + "Our focus isn't just to keep stakeholders content and avoid negative publicity; it's also about strategically positioning ourselves to highlight our positive impact." + "Acknowledging personal imperfections and compensating for them is something I relate to and expect from others." + "I often ask entrepreneurs about their greatest concerns, using their responses to gauge potential challenges." + "Reevaluating my role as we advance to our third fund, I question whether I am still suited to lead, reflecting on what we've learned."
	Corporate Data	"Astanor has built a comprehensive ESG questionnaire, which integrates requirements and recommendations set out in highest-standard ESG programs." - (Astanor GP Sàrl, Operating Principles for Impact Management, p. 5, 2023) + "For each Fund, a list of core impact metrics is defined in alignment with the fund's theory of change and associated output and outcome model." - (Bamboo Capital Partners, Operating Principles for Impact Management, p. 9, 2023) + "When a person from Blue like an Orange's team is a board member, he/she ensures that material impact and sustainability matters are discussed by the board at least yearly." - (Blue like an Orange Sustainable Capital Fund GP Sàrl, Impact & Sustainability Policy, p. 18, 2024) + "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." - (Amethis Investment Fund Manager SA, Operating Principles for Impact Management, p. 6, 2023) + "We apply critical thinking to all investment opportunities to ensure alignment with our overall agenda of 'enabling net-zero'" - (Junction Growth Partners BV, ESG Policy, p. 3, 2024)
Epistemic generosity	Interviews	"Before we start structuring investments, we dedicate significant time to understand each other and ensure our values align." + "Although norms might be widely shared, knowledge isn't always. We need to explain how external stakeholders view our work, while they need to tell us what clients need and what the limitations are." + "Many people are working on different issues, so it's essential to share knowledge where it can be applied effectively. The more widely perspectives and knowledge are shared, the more effective they become." + "Smaller NGOs might take a more cautious approach, understanding their knowledge limitations. We try to share insights and dilemmas as much as possible while respecting client privacy and other constraints." + "It's important for us to have a strong connection with management because we want to share our experiences with them."
	Corporate Data	"It builds on the experience accumulated across our operations and draws from the knowledge gained through collaboration with investees, co-investors, and broad-based impact investing and responsible investing industry initiatives." - (Bamboo Capital Partners, Operating Principles for Impact Management, p. 2, 2023) + "We collaborate with local and international partners to share knowledge and resources." - (Dutch Fund for Climate and Development (DFCD), Annual Report, p. 5, 2023) + "Transparency and knowledge sharing are key aspects of Triple Jump's strategy, highlighted by our membership in the 2X Global initiative and the active involvement of our internal Gender Working Group." - (Triple Jump, Impact Report, p. 56, 2023) + "There is no golden standard in the market yet, so we want to keep learning, developing and sharing!" - (Rubio Impact Ventures (Rubio Fund Management BV), Impact Report, p. 4, 2022) + "We believe in uniting diverse stakeholders to share insights and ideas, fostering partnerships that set standards and realistic expectations for healthcare impact." - (NLC Ventures Netherlands BV, Impact Report, p. 11, 2023)
Epistemic humility	Interviews	"When outcomes are not as expected, consider whether the instructions were unclear or if the execution was flawed." + "You're correct, and I would add that this regulation is quite new and still requires significant refinement in both its application and enforcement." + "We need to focus on identifying and understanding the blind spots in our work, and it's crucial that both sides understand each other's concerns." + "We focus on identifying an entrepreneur's weaknesses and helping them find others who can complement those areas."
	Corporate Data	"As we continue our impact journey, we will keep exercising our self-critical mindset on the impact that we create and how we can improve it at every stage of the life of our investments." - (Bamboo Capital Partners, Operating Principles for Impact Management, p. 13, 2023) + "We rely on the lessons learnt from the contemplated and closed deals, and our active memberships in reference organizations and initiatives, to continuously improve our methodology and our investment decision-making processes." - (Blue like an Orange Sustainable Capital Fund GP Sàrl, Impact & Sustainability Policy, p. 6, 2024) + "Our risk assessment methodology is regularly updated based on the specific cases we have been through, especially the ones which brought to light a lack of focus or flow in the process." - (Impact Finance Investments Sàrl, Operating Principles for Impact Management, p. 10, 2023) + "Every year has been a year of change. Our main engines have been our investors and our investees [...] our approach has evolved with the strong belief that what we report and how we report are crucial elements of the equation." - (Impact Finance Investments Sàrl, Operating Principles for Impact Management, p. 10, 2023) + "We see this report as a constant work in progress. Going forward, we intend to add even more learnings to our Impact Report, as we believe we need to continue to gather strong data to prove our progress and strengthen the movement of impact finance." - (Rubio Impact Ventures (Rubio Fund Management BV), Impact Report, p. 17, 2022)

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Representative Virtue	Data Source	Example
Epistemic independence	Interviews	NONE - Special implications of this virtue, discussed in Chapter 6.
	Corporate Data	NONE - Special implications of this virtue, discussed in Chapter 6.
Epistemic integrity	Interviews	"This is why we undergo a thorough due diligence process—to determine if there's genuine openness and trust, as you mentioned." + "We include a climate scientist on our investment committee to conduct a comprehensive scientific review of each project, which is essential for me." + "While our final investment decisions often come down to intuition, they're always based on thorough preliminary analysis." + "Ultimately, our discussions focus on the deeper aspirations, dreams, and goals of our partners and stakeholders." + "In the realm of impact investing, the challenge of greenwashing or impact washing is significant, involving misleading claims by some fund managers about their strategies' environmental or social impact."
	Corporate Data	"Astanor is committed in complying with various regulation-related engagements but also internationally recognized initiatives and standards." - (Astanor GP Sàrl, Operating Principles for Impact Management, p. 4, 2023) + "An assessment of training needs of all employees is performed annually by the Sustainability team, to plan adequate training sessions, with the help of external experts if needed." - (Blue like an Orange Sustainable Capital Fund GP Sàrl, Impact & Sustainability Policy, p. 8, 2024) + "Telos will engage directly with each Underlying Fund in order to assess whether the relevant manager has implemented appropriate measures and is ensuring data quality." - (Telos Impact (Fund: Stellar Impact), Telos Climate Fund I SComm / CommV Pre-contractual Sustainability-related Disclosure, p. 5, 2023) + "On an annual basis, we update, consolidate and analyze our investees' ESG practices and trends at the portfolio level and measure the results against the funds' impact thesis. The results are shared with the funds' Board, IC and general stakeholders." - (Incofin (Investment Management NV), Operating Principles for Impact Management, p. 10, 2022) + "In line with the SFDR Directive, we provide transparent and enhanced information in terms of environmental and social responsibility of our financial products, in particular through the provision of quantitative data on the non-financial sustainability of our investments." - (Inpulse Investment Manager SC, Impact Report, p. 2, 2022)
Epistemic reliability	Interviews	"In the private equity sector, especially concerning digital infrastructure, it's clear that the methodologies for measuring impact are still developing." + "During due diligence, we gather extensive information from both operational and non-operational teams to make well-informed decisions." + "We often leverage our network of LPs to assess new opportunities and garner feedback, which helps make our investments more tangible." + "It's crucial to ensure that your team understands and implements this approach, something I need to focus on more."
	Corporate Data	"Regular reporting on impact KPIs and material ESG risks, in line with SFDR 9 for Fund II." - (4impact, Impact Report, p. 11, 2023) + "SHIFT III is categorized as an Article 9 Fund under the SFDR. The fund has an impact policy and investee Code of Conduct that captures all processes surrounding sustainability objectives and ESG." - (Shift Invest (NBI Investors BV), Impact Report, p. 8, 2023) + "Una Terra monitors progress and reports to stakeholders through a variety of organisational, fund and investment-level mechanisms." - (Una Terra Venture Capital Impact Fund, ESG Strategy, p. 3, 2023) + "Since 2010, Impact Finance has invested in its proprietary impact monitoring system: Kharmax. It collects data, establishes a sustainability rating for each company, and helps to report outcomes in an aggregated manner." - (Impact Finance Investments Sàrl, Operating Principles for Impact Management, p. 5, 2023) + "Amethis has a system in place to collect ESG data annually from all portfolio companies." - (Amethis Investment Fund Manager SA, Operating Principles for Impact Management, p. 11, 2023)
Epistemic temperance	Interviews	"Getting the unit economics structured is crucial before scaling up, which is why as an evergreen fund, we avoid rushing into impact investments, believing true impact takes time to materialize when everything else is set." + "Curiosity is essential for truly understanding a problem. You need to be curious about the business, understand its complexities, and know what capabilities are needed."
	Corporate Data	"Success for Anterra Capital depends upon clear disclosure and timely communication of relevant and material information to facilitate high-quality decision-making." - (Anterra Capital BV, Impact Commitments, p. 8, 2020) + "Successfully scaling innovation requires time, investment and partnerships. This is where KOIS can play a pivotal role with our Innovative Finance solutions." - (Kois, Impact Report, p. 1, 2020) + "If Principal Adverse Impacts-related data are missing or any important risks or 'red flags' are identified during the due diligence phase of the investment process, IRC will define mitigation and/or action plans, including timelines and targets whenever applicable ('ESG & Impact Action Plan')." - (Infinity Recycling BV, Principle Adverse Impact Statement, p. 3, 2024)

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Representative Virtue	Data Source	Example
Good sense	Interviews	"Ultimately, ignoring your own insights can do you a disservice, so it's important to heed your intuition." + "Understanding our stakeholders is key to determining if our company's value proposition effectively addresses their needs." + "Many factors influencing success are beyond your control, so all you can do is your best. As an investor, you can support the management team, but ultimately, success depends on the founders and their leadership." + "Rationality is important, but so is paying attention to the non-rational factors, especially in people-centric work. Listening to founders and allowing them to express themselves is crucial." + "We have a climate scientist on our investment committee who thoroughly reviews each project scientifically. His approval is crucial; if he's not excited about a project, we won't invest, regardless of the business plan and carbon projections."
	Corporate Data	"We evaluate our environmental performance in line with the CERISE SPI4 Green Index and assess the effects of climate change on investees portfolios." - (Inpulse Investment Manager SC, Impact Report, p. 2, 2022) + "It is better to be approximately right than precisely wrong." - (ABN Amro Sustainable Impact Fund, Impact News, Preface, 2022) + "We discovered that transforming value chain dynamics meant addressing the entirety of the system, rather than isolated segments." - (Grounded Investment Company BV, Impact Report, p. 5, 2022) + "Our Theory of Change outlines our commitment to leveraging technology for a sustainable and regenerative future." - (LUMO Labs BV, Impact Report, p. 9, 2023) + "The Manager shall establish and document a credible narrative on its contribution to the achievement of impact for each investment." - (Amethis Investment Fund Manager SA, Operating Principles for Impact Management, p. 7, 2023)
Intelligence	Interviews	NONE - 'Base Virtue' as a prerequisite to do business, derived from the Theoretical Model (see Chapter 4 and discussed in Chapter 6). With the non-facultative character here, intelligence in the quality of handling knowledge sophisticated, can be educated: "My education taught me the importance of being rational, but experience showed me that it's equally important to consider the non-rational aspects of human interactions."
	Corporate Data	NONE - 'Base Virtue' as a prerequisite to do business, derived from the Theoretical Model (see Chapter 4 and discussed in Chapter 6).
Practical wisdom	Interviews	"We balanced a bad deal with a highly profitable one, resulting in both the Dutch buyer and the Colombian producers and farmers gaining reasonably from the arrangement." + "It's crucial for anyone, professionally or personally, to recognize that not everything is within your control. You can only do your best, and that's it." + "I ensure that our investments are impactful by rigorously challenging the management teams on their strategies and goals." + "At some point, you have to question whether accumulating more wealth is the goal or if it's more about making a positive difference." + "Success in entrepreneurship doesn't always come from having the best product or the smartest team but from having pragmatic individuals ready to make decisions and advance." + "Understanding and empathizing with others' situations is crucial, and being flexible enough to pivot from one idea to another is equally important."
	Corporate Data	"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." - (Amethis Investment Fund Manager SA, Operating Principles for Impact Management, p. 4, 2023) + "We're more than just investors; we are owners. We nurture long-term business and personal relationships. We build for the long term." - (Anterra Capital BV, Impact Commitments, p. 4, 2020) + "As an impact investor and fund manager, we work closely with our companies to help them reach their impact potential along with their commercial and financial goals." - (ABN Amro Sustainable Impact Fund, Impact News, p. 5, 2022) + "Our impact... we believe that the real impact of our initiatives lies in the indirect contribution to more thriving and inclusive financial markets that facilitate sustainable economic development." - (Cardano Development, Impact Review and Trends, p. 3, 2022) + "The most valuable companies of our time will be those that are purposefully contributing to a solution to fundamental societal challenges." - (Innovation Industries, Responsible Investment Policy Statement, p. 2, 2023)
Wisdom	Interviews	NONE - 'Super Virtue' derived from the Theoretical Model (see Chapter 4 and discussed in Chapter 6).
	Corporate Data	NONE - 'Super Virtue' derived from the Theoretical Model (see Chapter 4 and discussed in Chapter 6).

E

Qualitative Analysis - Coding

This appendix-chapter contains the complete **Codebook** (see Appendix-Section E.1) which has been generated in the middle-ground approach to qualitative coding as part of the abductive research design in qualitative research (see Section 2.1 and Section 5.1.1). The data analysis leads to the conceptual abstraction (see Appendix-Section E.2), which assigns the codes to distinct categories, which themselves are aggregated in higher dimensions, all in all to be utilized to derive empirical insights from the data collected as part of Chapter 5.

E.1. Research Codebook

Code Name: *Accountability*

- **Definition:** The obligation to explain, justify, and take responsibility for one's actions.
- **Inclusion Criteria:** Applies to actions taken by individuals that impact others and require transparency.
- **Exclusion Criteria:** Does not cover actions that do not have significant consequences or are not subject to oversight.
- **Interview Example:**
  - "A competent fund manager must be highly knowledgeable in their field, deeply responsible, and fully accountable. Since we're entrusted with others' money, adhering to ethical standards is crucial. While it's not overly complex, there are clear principles for managing other people's finances. These three traits—knowledge, responsibility, and ethics—are essential for a good fund manager."
- **Corporate Example:**
  - "[...] suppose you can say we regard it as our duty to contribute to the development and social improvement of our sector. And yes, this sometime includes the need to take a lead, and to take some perceived risk in promoting approaches or investing time and energy in new directions. This approach has connected us to many inspiring people and organizations, helped us improve our own models, and it has helped us take even better investment decisions." - (Goodwell Investments BV, Impact Report, p. 8, 2019)

Code Name: *Active Engagement*

- **Definition:** Proactive participation of the fund manager in activities or discussions.
- **Inclusion Criteria:** Involvement that demonstrates initiative and commitment.
- **Exclusion Criteria:** Passive participation or mere attendance without meaningful contribution (e.g., passive investments).
- **Interview Example:**

  - "I've held various governance roles, from shareholder to director. Over time, I've learned the importance of securing a formal position to ensure an active role in governance. However, informal engagement can be just as crucial, if not more so, because building strong relationships and collaborating with management often happens outside formal meetings."

- **Corporate Example:**
  - "We influence businesses through active engagement to improve or steer performance towards greater impact [...]" - (Triodos Investment Management BV, Impact Approach, p. 5, 2022)

Code Name: *Agent of Change*

- **Definition:** An individual or entity that actively promotes and facilitates change. The fund manager enabling additionality, creating impact where none would have occurred without their effort.
- **Inclusion Criteria:** Initiators of significant shifts in value, policy, culture, or practice.
- **Exclusion Criteria:** Those who follow changes initiated by others without active participation.
- **Interview Example:**
  - "It's vital for me to work in a mission-driven organization, where the goal is not just to maximize profit but to contribute to positive global change. The mission could be focused on anything meaningful."
- **Corporate Example:**
  - "Based on the Theory of Change for each fund, we have determined a set of objectives, indicators and internal targets that guide us towards enabling and accelerating the five transitions. These are captured in the Fund Impact Framework. To qualify for investment, each potential investee, project or bond should positively contribute to at least one of the sustainability objectives of the fund." - (Triodos Investment Management BV, Impact Approach, p. 6, 2022)

Code Name: *Analytical Skills*

- **Definition:** The ability to systematically evaluate information and solve problems by the fund manager of an IIF.
- **Inclusion Criteria:** Critical thinking, data analysis, and logical reasoning.
- **Exclusion Criteria:** Emotional or subjective analysis lacking systematic approach.
- **Interview Example:**
  - "When it comes to decision-making, analytical reasoning must take the lead. While intuition can be helpful, especially when information is limited, investors pay for your analytical skills and structured processes—not your gut feelings. Without this, they'd be better off gambling."
- **Corporate Example:**
  - "Analytical and diligent with a high standard of care. We're an impartial, honest and pragmatic investor, focused on success." - (Anterra Capital BV, Impact Commitments, p. 4, 2020)

Code Name: *Appreciation*

- **Definition:** The recognition and enjoyment of the good qualities of the work and character of the fund manager and their stakeholders in achieving impact successfully and sustainable.
- **Inclusion Criteria:** Acknowledgment and value given to positive traits, contributions, or experiences.
- **Exclusion Criteria:** Neglect or failure to recognize value in people or things.
- **Interview Example:**
  - "We also connected with more experienced investors in agriculture, and I truly appreciate how willing people are to share their contacts and offer assistance. It's not something you always expect."
- **Corporate Example:**
  - "We extend our deepest gratitude to our valued partners - investors, investees, stakeholders, and country teams alike. Together, united by a firm belief in the transformative power of impact investing, we will navigate the ever-evolving global landscape, leaving behind a legacy of positive change and a demonstrably brighter future for all." - (Truvalu BV, Impact Report, p. 56, 2023)

Code Name: *Aspiration*

- **Definition:** A strong desire to achieve something high or great.
- **Inclusion Criteria:** Long-term goals driven by a strong sense of purpose.
- **Exclusion Criteria:** Short-term goals or desires without significant effort.
- **Interview Example:**
  - "Ultimately, it's about the inspiration, dreams, and ambitions of the partners and stakeholders we collaborate with."
- **Corporate Example:**
  - "We will survey investees on ESG issues pertinent to their business on a biannual basis (e.g. ask the investee companies to disclose relevant ESG data allowing making judgments of their risk exposure and management). Our ambition is to guide portfolio companies to a more sustainable organization in terms of ESG compliance." - (Newton Biocapital, Policy in the Management of sustainability Risks and adverse Impacts, p. 7, 2024)

Code Name: *Attraction*

- **Definition:** The ability to draw or entice individuals, talent, or customers towards an impact investment. Here, focus on the attraction of investors and their capital.
- **Inclusion Criteria:** Strategies and qualities that make an IIC customers or partners.
- **Exclusion Criteria:** Factors that repel or fail to engage desired individuals or groups.
- **Interview Example:**
  - "The impact community needs examples of financial success to attract more investment. While there are inspiring stories of startups making a difference, their financials often don't match. To draw more capital, we need to show that impact and solid financial performance can coexist. A great fund manager balances both, appealing even to those who prioritize returns but appreciate impact as an added benefit."
- **Corporate Example:**

  - "Fostering entrepreneurial talent is vital for advancing early-stage science-based tech. Attracting and identifying entrepreneurial talent is crucial to ensure these early-stage inventions reach the market." - (NLC Ventures Netherlands BV, Impact Report, p. 9, 2023)

Code Name: *Authenticity*

-
- **Definition:** The quality of being genuine, real, and true to one's own values, beliefs, and core mission (The individual fund manager and their fund).
- **Inclusion Criteria:** Actions and communication that are consistent with one's true self and values.
- **Exclusion Criteria:** Behaviors that are deceptive, inauthentic, or driven by external pressures.
- **Interview Example:**
  - "We also consider metrics like biodiversity and adaptation, especially in regions like Africa. From day one, every investment we make includes an impact angle as part of our due diligence. If a company doesn't meet our impact expectations, we don't proceed. We also require ongoing impact assessment and reporting at the portfolio level to ensure alignment between impact and financial metrics."
- **Corporate Example:**
  - "Our approach to the measurement of impact is based on the notion of true pricing, true costs and true value [...]" - (ABN Amro Sustainable Impact Fund, Impact News, p. 8, 2022)

Code Name: *Autonomy*

- **Definition:** The ability to make independent decisions and act upon them.
- **Inclusion Criteria:** Actions taken without external influence or coercion.
- **Exclusion Criteria:** Decisions made under pressure or significant external influence.
- **Interview Example:**
  - "Two other investors teamed up with an existing fund and quickly raised $175 million in a year and a half. If we had taken a similar route, leveraging an established track record, fundraising would have been much easier, though less independent. The challenge lies more in being a first-time team with a new fund than in conveying the market's novelty."
- **Corporate Example:**
  - "Brightlands Venture Partners (BVP) is an independent venture capital fund manager domiciled in the Netherlands." - (Brightlands Venture Partners, Impact Report, p. 4, 2023)

Code Name: *Awareness for Character*

- **Definition:** The understanding and recognition of moral and ethical qualities in oneself and others.
- **Inclusion Criteria:** Recognition of virtues and vices that influence behavior.
- **Exclusion Criteria:** Ignorance or neglect of moral and ethical considerations.
- **Interview Example:**
  - "A key positive character trait is being an excellent communicator. It's crucial to clearly articulate your goals, explain the steps along the way, and discuss results in an honest and understandable manner. This ability is essential for ensuring others grasp and accept the outcomes."

- **Corporate Example:**
  - "In the spirit of practice what you preach we included impact in our HR processes: both new recruits and existing colleagues are scored against a competency called 'impact mind' alongside more traditional competencies such as teamwork." - (Pymwymic Investment Management BV, Impact Report, p. 8, 2023)

Code Name: *Bias Awareness*

- **Definition:** The recognition and understanding of personal and systemic biases.
- **Inclusion Criteria:** Awareness of cognitive, cultural, and social biases.
- **Exclusion Criteria:** Lack of recognition or denial of bias influences.
- **Interview Example:**
  - "I'm judging myself, of course. That's what motivates me, but it's also risky because I'm not entirely objective in these matters since I'm personally involved."
- **Corporate Example:**
  - "Embracing and including multiple perspectives forces teams to think harder and not to rely on bias and assumptions. This not only diminishes blind spots but also boosts talent retention and attraction, fostering ongoing optimization and reflective practices." - (LUMO Labs BV, Impact Report, p. 20, 2023)

Code Name: *Capability*

- **Definition:** The power or ability of the moral and epistemic agent to do something effectively (in achieving the moral and epistemic 'good').
- **Inclusion Criteria:** Demonstrated skills and competencies in virtue.
- **Exclusion Criteria:** Unproven or hypothetical abilities, vice.
- **Interview Example:**
  - "I believe people have the ability to thoroughly explore problems and be open about them."
- **Corporate Example:**
  - "[...] we've also grown more comfortable leveraging external expertise, enriching our capability to innovate and meet market needs effectively." - (Triple Jump, Impact Report, p. 7, 2023)

Code Name: *Capacity*

- **Definition:** The maximum amount of support to stakeholders that the moral and epistemic agent can achieve.
- **Inclusion Criteria:** Available resources and abilities to be virtuous.
- **Exclusion Criteria:** Overestimation of abilities or underutilized potential in virtue.
- **Interview Example:**
  - "It's essential to be curious about understanding the business and its complexities to determine the right capacity to bring in. You can't offer advice or resources unless the recipient is open to it."
- **Corporate Example:**

  - "At portfolio level, Invest International also weighs ESG risks based on the ESG categorization. In view of our own available capacity to support and monitor clients in improving their ESG risk management [...]" - (Invest International BV, Impact & ESG Policy, p. 34, 2023)

Code Name: *Capital*

- **Definition:** Financial assets or resources available for use impact investments.
- **Inclusion Criteria:** Financial resources, investments, and assets.
- **Exclusion Criteria:** Non-financial resources or intangible assets not easily liquidated.
- **Interview Example:**
  - "These ventures operate with the capital we provide, which is the most straightforward and essential way we support them."
- **Corporate Example:**
  - "As such, Astanor brings together capital, deep sector knowledge and a strong network of entrepreneurs, impact investors, technologists, scientists, farmers, chefs, policy-makers and food lovers to give rise to a future of food that is nourishing, regenerative, scalable, trusted and delicious." - (Astanor GP Sàrl, Operating Principles for Impact Management, p. 3, 2023)

Code Name: *Character*

- **Definition:** The mental and moral qualities distinctive to the fund manager and others.
- **Inclusion Criteria:** Demonstrations of virtues such as diligence, integrity, and courage.
- **Exclusion Criteria:** Behavioral traits that do not reflect moral or ethical considerations.
- **Interview Example:**
  - "An important character strength is being an effective communicator. It's vital to clearly convey your objectives, outline the steps involved, and discuss results in a transparent and comprehensible way. This skill is crucial for ensuring that others understand and accept the outcomes."
- **Corporate Example:**
  - "Employees must always act honestly, impartially, professionally and transparently with third parties and in the best interests of Rockstart and must avoid any situation (and possibly withdraw from decision-making in such a situation) where their personal interests conflict with, or could be perceived by others to conflict with, their obligations towards Rockstart." - (Rockstart Enterprises BV, Code of Conduct, p. 9, 2021)

Code Name: *Compliance*

- **Definition:** The act of adhering to rules, standards, or laws in impact investing.
- **Inclusion Criteria:** Conformity to legal, regulatory, or organizational guidelines.
- **Exclusion Criteria:** Non-adherence or selective adherence to standards.
- **Interview Example:**
  - "Afterward, we decide whether to move forward. If we do, we consult with regulatory bodies and ensure everything complies with the necessary standards."
- **Corporate Example:**
  - "[...] its mission is to reach beyond CSRD compliance by investing in the future and in lasting positive and scalable change [...]" - (ABN Amro Sustainable Impact Fund, Impact News, p. 6, 2022)

Code Name: *Consultation*

- **Definition:** The act of providing to or seeking advice and information in between stakeholders before making a decision.
- **Inclusion Criteria:** Involvement of relevant stakeholders in decision-making.
- **Exclusion Criteria:** Decisions made unilaterally without seeking input or providing reason.
- **Interview Example:**
  - "It's more about consultation or dialogue rather than collaboration in this case."
- **Corporate Example:**
  - "We will strive towards open and constructive dialogues during these consultations and give feedback to our stakeholders on how we used their input." - (Invest International BV, Impact & ESG Policy, p. 37, 2023)

Code Name: *Cross-sector Biographies*

- **Definition:** The professional histories of fund managers who have worked across multiple sectors.
- **Inclusion Criteria:** Experience in different industries, public, private, or nonprofit sectors.
- **Exclusion Criteria:** Professional experience confined to a single sector.
- **Interview Example:**
  - "I believe that if you change careers multiple times, you eventually understand what you're truly suited for. And you can bring in more diverse experience."
- **Corporate Example:**
  - "Invest International has a wide variety of IESG experts with different backgrounds and expertise in terms of investment segment, region/country and sector." - (Invest International BV, Impact & ESG Policy, p. 37, 2023)

Code Name: *Cultural Barriers*

- **Definition:** Obstacles to communication or interaction caused by differences in culture.
- **Inclusion Criteria:** Language, customs, or social norms that hinder collaboration.
- **Exclusion Criteria:** Differences that do not affect communication or cooperation.
- **Interview Example:**
  - "However, we do have great conversations with company owners who openly acknowledge that one of the challenges is the involvement of foreign investments by white people. It's a sensitive issue. I really appreciate their honesty because it's not easy to admit. Even though I understand rationally that this investment will benefit me, my company, and the people I work with, it's still a difficult topic to address."
- **Corporate Example:**
  - "Whereas India, or other countries in Asia, like Indonesia, are huge markets under one government, Africa presents a wide scope of cultures, practices, business developments and social issues. Asset managers often perceive this diversity as a risk." - (Goodwell Investments BV, Impact Report, p. 7, 2019)

Code Name: *Cultural Influence*

- **Definition:** The impact that culture has on the behavior, attitudes, and beliefs of individual fund manager, their organization or their stakeholders.
- **Inclusion Criteria:** Traditions, values, and norms that shape decision-making and practices.
- **Exclusion Criteria:** Personal preferences or behaviors unrelated to cultural context.
- **Interview Example:**
  - "Many of our team members come from commercial banks and finance backgrounds, but they chose to join us for our mission and the chance to make a real impact. It's not just about doing good—it's also exciting to be involved in innovative, pioneering work in frontier markets with people from different cultures. The motivation varies from person to person, but that's generally the appeal."
- **Corporate Example:**
  - "We strongly believe that setting the right culture and operating principles internally is paramount to achieving this." - (BGV (BioGeneration Ventures), ESG & Impact Report, p. 30, 2022)

Code Name: *Cultural Literacy*

- **Definition:** The ability to understand and participate fluently in a given culture or in interaction with others.
- **Inclusion Criteria:** Knowledge of cultural references, practices, and norms.
- **Exclusion Criteria:** Limited understanding or ignorance of cultural context.
- **Interview Example:**
  - "The effectiveness of a manager can vary greatly depending on the region. For instance, someone successful in Europe might not necessarily be effective in Africa due to the lack of knowledge about stakeholders, regional business, and culture."
- **Corporate Example:**
  - "The choice of the buying shareholder is based on the following dimensions: reputation, financial stability/performance, regional and local knowledge, financial inclusion knowledge, social performance, clear rationale for acquisition, corporate culture [...]" - (Incofin (Investment Management NV), Operating Principles for Impact Management, p. 16, 2022)

Code Name: *Decisions under Uncertainty*

- **Definition:** The process of making choices without having complete information about the outcomes.
- **Inclusion Criteria:** Decision-making in unpredictable environments with incomplete data.
- **Exclusion Criteria:** Decisions made with full knowledge of potential outcomes.
- **Interview Example:**
  - "When it comes to decision-making, analytical reasoning must take the lead. While intuition can be helpful, especially when information is limited, investors pay for your analytical skills and structured processes—not your gut feelings. Without this, they'd be better off gambling."
- **Corporate Example:**
  - "[...] the extent to which the investment will contribute to the objective, due to the lack of sufficient and adequate data." - (Astanor GP Sàrl, Operating Principles for Impact Management, p. 9, 2023)

Code Name: *Deliberation*

- **Definition:** Long and careful consideration or discussion before making a decision.
- **Inclusion Criteria:** Thoughtful analysis and weighing of options.
- **Exclusion Criteria:** Hasty decisions made without thorough consideration.
- **Interview Example:**
  - "I found it fascinating to be involved in discussions where I could help the organization reach solid conclusions and communicate them effectively, which is crucial for stakeholder engagement. At big funds like X, this kind of discussion would be brief because it's clear that the LP is the customer."
- **Corporate Example:**
  - "During this final discussion, a common decision is made to establish the definitive impact KPIs, their weighting and their targets. The outcome of the impact deep dive is then presented to and ultimately challenged by the Astanor advisory committee." - (Astanor GP Sàrl, Operating Principles for Impact Management, p. 9, 2023)

Code Name: *Demand and Supply*

- **Definition:** The relationship between the availability of a managerial service and/or their capital by the IIF and the desire for that by stakeholders.
- **Inclusion Criteria:** Equilibrium, shortages, and surpluses of provisional goods provided by the fund manager in impact investments.
- **Exclusion Criteria:** Supply or demand considerations made in isolation from one another.
- **Interview Example:**
  - "They're the ones building a better world, and we're enabling that by investing our clients' capital. We're simply a means to an end, helping to make this impact possible."
- **Corporate Example:**
  - "Our innovative financing products meet the needs of investees and enable these impact driven companies to access international capital markets. Market studies and sector analyses are regularly conducted, and our products' features can be adapted according to such findings and changing needs." - (Incofin (Investment Management NV), Operating Principles for Impact Management, p. 9, 2022)

Code Name: *Disclosure*

- **Definition:** The act of making information known, especially that which was previously private or secret to regulatory stakeholder or the public.
- **Inclusion Criteria:** Transparency in communication of relevant information.
- **Exclusion Criteria:** Withholding or partial disclosure of information.
- **Interview Example:**
  - "It would be quite odd for an impact investor not to disclose anything about SFDR requirements on their website. That would be a clear red flag signaling something unusual about the fund."
- **Corporate Example:**
  - "Telos will require each prospective Underlying Fund to disclose what good governance practices are in place in respect of each investment underlying the Underlying Fund. This information must be disclosed in the DD Questionnaire (as the pre-investment stage) and the Annual Questionnaire (on an ongoing basis)." - (Telos Impact (Fund: Stellar Impact), Telos Climate Fund I SComm / CommV Pre-contractual Sustainability-related Disclosure, p. 6, 2023)

Code Name: *Downwards Management*

- **Definition:** The practice of managing SEs or subordinates, guiding them towards the shared goal of positive impact.
- **Inclusion Criteria:** Leadership, delegation, and support provided to investees.
- **Exclusion Criteria:** Internal (peer) or upward management strategies.
- **Interview Example:**
  - "To include all the different stakeholders as much as possible, the first step when evaluating a company is to interact with the founder, understand the business, and identify the stakeholders. It's crucial to determine whether the company's value proposition truly addresses these stakeholders' needs, as that's key to building a successful business."
- **Corporate Example:**
  - "Local teams have a great understanding of the issues underserved communities face and the true value and relevance entrepreneurs can offer. Local teams also have easy and early access to market developments, new entrepreneurs and new company entrants into the marketplace. And local teams are close to the companies and entrepreneurs we invest in should they need support managing unexpected business developments, say, or changing regulations. Or to help them connect to other companies or relevant partners in their network." - (Goodwell Investments BV, Impact Report, p. 7, 2019)

Code Name: *Dynamic Adaptation to Situations*

- **Definition:** The ability to adjust strategies or actions in response to changing circumstances.
- **Inclusion Criteria:** Flexibility in decision-making and problem-solving.
- **Exclusion Criteria:** Rigid adherence to plans despite changes in the environment.
- **Interview Example:**
  - "On the other hand, as you're aware, the life of a startup is highly challenging and dynamic. There are times when it's necessary to quickly pivot to a slightly different or even significantly different line of business or value proposition."
- **Corporate Example:**
  - "Our approach is flexible and adapts to the evolving regulatory landscape, ensuring that we consistently meet our commitment to impact- driven investing." - (LUMO Labs BV, Impact Report, p. 11, 2023)

Code Name: *Dynamic Adaptation to Stakeholders*

- **Definition:** The ability to adjust strategies and actions in response to the needs and feedback of different stakeholders in impact investing.
- **Inclusion Criteria:** Flexibility in stakeholder management and communication.
- **Exclusion Criteria:** One-size-fits-all approaches that ignore stakeholder diversity.
- **Interview Example:**
  - "Management transitions are much more complex. For instance, we've had to replace two CEOs and are currently working on bringing in a third because the focus of these companies needs to shift. We're in a transitional phase—moving from R&D to actually building factories, or from development to becoming an operational company. This requires a different caliber of leadership, both at the CEO level and within the management team. The skills needed for R&D or fundraising are not the same as those required to build and operate a plant.

Discussing this transition is incredibly challenging because you're essentially asking people to step away from something they've nurtured from the start. You're asking them to leave before they've seen financial returns, to accept dilution, and to bring in new people with a different vision and perspective for the company."

- **Corporate Example:**
  - "Such an approach guarantees that each mission is adapted to our client's needs and fully meets their expectations. Through the implementation phase, the team ensure a follow-up in order to adapt the guidelines to meet additional needs or help with any contingencies that may occur." - (Inpulse Investment Manager SC, Impact Report, p. 8, 2022)

Code Name: *Ecosystems*

- **Definition:** The complex network or interconnected system of impact investment within an observed region (here Benelux), referring to associations, network providers or knowledge hubs.
- **Inclusion Criteria:** Interdependent relationships between entities within a system, including social or organizational ecosystems.
- **Exclusion Criteria:** Isolated elements or entities that do not interact within a broader system.
- **Interview Example:**
  - "I believe that the community of impact investors and sustainable finance providers will expand until the entire industry shifts towards a more sustainability-focused approach to financing. This transition is also supported by existing EU regulations."
- **Corporate Example:**
  - "Blue like an Orange being part of a broader ecosystem, its Impact and Sustainability Policy follows the guidelines and requirements of internationally recognized initiatives and frameworks [...]" - (Blue like an Orange Sustainable Capital Fund GP Sàrl, Impact & Sustainability Policy, p. 6, 2024)

Code Name: *Education of Virtue*

- **Definition:** The process of teaching and instilling moral virtues in individuals.
- **Inclusion Criteria:** Formal and informal education focused on character development.
- **Exclusion Criteria:** Education that only focuses on academic or technical skills.
- **Interview Example:**
  - "My education taught me the importance of rationality, but experience has shown me that rationality only goes so far—you must also consider the non-rational aspects, especially in interactions between people. This is crucial in my work, which is deeply people-oriented. Being aware of the non-rational elements at play is incredibly important."
- **Corporate Example:**
  - "We rely on the lessons learnt from the contemplated and closed deals, and our active memberships in reference organizations and initiatives, to continuously improve our methodology and our investment decision-making processes [...]" - (Blue like an Orange Sustainable Capital Fund GP Sàrl, Impact & Sustainability Policy, p. 6, 2024)

Code Name: *Effective and Efficient Decision-Making*

- **Definition:** The process of making decisions that achieve desired outcomes (impact) with the optimal use of resources.
- **Inclusion Criteria:** Decisions that are both impactful and resource-conscious.
- **Exclusion Criteria:** Decisions that are either ineffective or wasteful of resources.
- **Interview Example:**
  - "As minority shareholders, we seek protection on specific issues, such as requiring a veto for major strategic changes. We want to ensure we have sufficient influence on key decisions, like the company's direction."
- **Corporate Example:**
  - "The main goals include making an organization's governance structures and decision-making processes more efficient, objective and transparent." - (Inpulse Investment Manager SC, Impact Report, p. 8, 2022)

Code Name: *Emotional Intelligence*

- **Definition:** Broad ability to recognize, understand, and manage one's own emotions and the emotions of others in a skillful manner.
- **Inclusion Criteria:** Skills in empathy, self-regulation, and interpersonal communication.
- **Exclusion Criteria:** Lack of awareness or control over emotional responses.
- **Interview Example:**
  - "We can guide and support venture management, but ultimately, the responsibility lies with the founders and their team. While there's pressure on me to deliver as an investor, I must remember that my influence is limited. Staying grounded is crucial in my profession, especially when emotions run high, given the stakes for the venture. It even escalated to the point where my impact manager received a harsh reprimand from the CEO during a public call, accusing us of being overly controlling and not understanding the market, among other things."
- **Corporate Example:**
  - "[...] should be aware of their professional responsibilities and will be responsible for assuring that the relationship does not raise concerns about favoritism, bias, ethics and conflict of interest or make coworkers uncomfortable to the point their performance is affected." - (Rockstart Enterprises BV, Code of Conduct, p. 10, 2021)

Code Name: *Epistemic Virtues*

- **Definition:** The qualities that are conducive to acquiring and spreading knowledge in stakeholder management.
- **Inclusion Criteria:** See List of Epistemic Virtues D.1.2.
- **Exclusion Criteria:** Epistemic Vice, Moral Virtues.
- **Interview Example:**
  - see Examples of Epistemic Virtues in Interviews, Table D.8, Subsection D.4.2 in Appendix-Section D.4.
- **Corporate Example:**
  - see Examples of Epistemic Virtues in Corporate Documents, Table D.8, Subsection D.4.2 in Appendix-Section D.4.

Code Name: *Ethical Practice*

- **Definition:** The ability to perform actions in a manner that is both ethical and goal-oriented.
- **Inclusion Criteria:** Practices that uphold ethical standards while minimizing friction and extensive normative deliberation.
- **Exclusion Criteria:** Ethical actions that are overly resource-intensive or inefficient.
- **Interview Example:**
  - "Adhering to high ethical standards is vital in our profession, just as it is in any other. These standards have long been established, and while everyone is free to choose their conduct, those seeking a long-term career in this field typically uphold these ethics."
- **Corporate Example:**
  - "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." - (Amethis Investment Fund Manager SA, Operating Principles for Impact Management, p. 8, 2023)

Code Name: *External Stakeholders*

- **Definition:** Individuals or groups outside the IIC who are affected by its activities and decisions.
- **Inclusion Criteria:** Customers, suppliers, community members, and regulators who interact with or are impacted by the organization.
- **Exclusion Criteria:** Internal stakeholders such as employees, peers, or the fund managers themselves.
- **Interview Example:**
  - "Society as a whole and the environment are also key stakeholders."
- **Corporate Example:**
  - "We collaborate at a practical and strategic level with stakeholders, such as other values-based financial institutions, non-governmental organisations, governments and banking associations, to help grow a movement." - (Triodos Investment Management BV, Impact Approach, p. 5, 2022)

Code Name: *Faith*

- **Definition:** A strong belief or trust in something, often without empirical evidence (e.g., Religion).
- **Inclusion Criteria:** Belief systems, religious or spiritual convictions, and trust in others or in processes.
- **Exclusion Criteria:** Skepticism or reliance solely on empirical evidence.
- **Interview Example:**
  - "I've always been interested in finding work that aligns with my values, faith, and passion for life—not just as a job, but as something that truly matters to me."
- **Corporate Example:**
  - "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." - (Amethis Investment Fund Manager SA, Operating Principles for Impact Management, 2023)

Code Name: *Fiduciary Duties*

- **Definition:** Obligations to act in the best interest of stakeholders (investors, investees) in impact investment based on contractual agreements.
- **Inclusion Criteria:** Legal and ethical responsibilities to manage another's assets prudently.
- **Exclusion Criteria:** Actions taken for personal gain at the expense of the beneficiary (here the direct stakeholders in impact investing, investors and investees).
- **Interview Example:**
  - "I view our clients as investors in our fund. They are the ones who make our work possible by funding us. So, in a sense, they are our clients, and they pay us to do this work. Naturally, we have an obligation to deliver returns to them. Our primary client group, in this context, is our investors."
- **Corporate Example:**
  - "We serve our fiduciary duty to investors in creating long-term value, identifying opportunities to achieve superior investment returns while contributing to climate- change solutions. Junction differentiates itself through a combination of private equity professionalism and sector-specific entrepreneurial / executive experience." - (Junction Growth Partners BV, ESG Policy, p. 2, 2024)

Code Name: *Financial Analysis*

- **Definition:** The process of evaluating businesses, projects, budgets, and other finance-related entities to determine their performance and suitability.
- **Inclusion Criteria:** Includes ratio analysis, financial forecasting, and assessing financial health.
- **Exclusion Criteria:** Does not include informal or non-systematic evaluation methods.
- **Interview Example:**
  - NONE
- **Corporate Example:**
  - "A financial and extra-financial analysis shall therefore be available for any portfolio investment (excepted for cash or technical assets)." - (Funds For Good SA, Responsible Investment Policy, p. 4, 2024)

Code Name: *Financial Impact*

- **Definition:** The (positive) effect that financial decisions or events have on an individual, organization, or economy in impact investment.
- **Inclusion Criteria:** Measurable changes in financial status, profitability, or economic conditions.
- **Exclusion Criteria:** Non-financial impacts such as social or environmental effects.
- **Interview Example:**
  - "The impact community needs concrete examples of solid financial performance."
- **Corporate Example:**
  - "Through our mission at Una Terra, we strive to achieve two key objectives: to generate superior financial returns and to make a long-term positive impact on climate and biodiversity." - (Una Terra Venture Capital Impact Fund, ESG Strategy, p. 2, 2023)

Code Name: *Financial Norms*

- **Definition:** Accepted standards of behavior in financial practices.
- **Inclusion Criteria:** Common practices and guidelines that govern financial behavior.
- **Exclusion Criteria:** Unconventional or non-standard financial practices.
- **Interview Example:**
  - "Achieving impact requires profitability, with deal teams meeting their targets. We also need to incorporate external perspectives, meaning we should communicate openly, welcome and seriously consider complaints, and engage with external partners. It's a mutual learning process where we all work together."
- **Corporate Example:**
  - "Moreover, impact investments aren't confined to a specific timeframe; it's a perpetual commitment to a positive change. It's also crucial to rely on companies that are aware of their role beyond just a simple profit-making. They can change mentalities, behaviors, and attitudes towards careers and promotions. This is vital because you impact people first, and their actions follow [...]" - (Inventures Investment Partners SA, Impact Report, p. 7, 2023)

Code Name: *Financial Rules*

- **Definition:** The formal regulations that govern financial activities.
- **Inclusion Criteria:** Legal requirements, regulatory guidelines, and corporate policies.
- **Exclusion Criteria:** Informal guidelines or practices not legally binding.
- **Interview Example:**
  - "We make a strong effort to adhere strictly to the professional rules in finance and impact investing."
- **Corporate Example:**
  - "In addition to Impact KPIs, Astanor integrates other key measurement indicators to align with the latest European Union set of regulations applying to the financial industry." - (Astanor GP Sàrl, Operating Principles for Impact Management, p. 9, 2023)

Code Name: *Financial Strategies*

- **Definition:** Plans of action designed to achieve specific financial goals.
- **Inclusion Criteria:** Investment plans, budgeting strategies, and risk management.
- **Exclusion Criteria:** Tactics that do not have a clear financial objective or plan.
- **Interview Example:**
  - "As I mentioned, the rules are clear from the beginning. What adds some pressure is our commitment to achieving market-rate returns, without any discount due to our impact strategy."
- **Corporate Example:**
  - "The Fund's objective is the generation and enhancement of positive social and environmental impact and attractive financial returns; this objective is the driving force of the Fund's investment strategy and its achievement the focus of Impact Expansion team." - (Impact expansion (KOIS), SFDR Compliance, p. 3, 2024)

Code Name: *Financial Values*

- **Definition:** The inherent values, personal, or collective perspectives on finance that guide financial decision-making and behavior.
- **Inclusion Criteria:** Ethical considerations, long-term goals, and priorities in financial matters.
- **Exclusion Criteria:** Short-term profits that disregard ethical or value-based considerations.
- **Interview Example:**
  - "If the impact results are impressive, but the financial returns are poor, that speaks volumes. In such cases, financial performance will always take precedence over impact."
- **Corporate Example:**
  - "100% of investees have an internal code of conduct displaying the organizational values and standard of professional conduct expected by all employees." - (Inpulse Investment Manager SC, Impact Report, p. 8, 2022)

Code Name: *Geographical Reach*

- **Definition:** The extent to which an impact investing fund can operate or impact different regions or areas with focus on culture, regulation, and security.
- **Inclusion Criteria:** Operations, services, or influence that span across multiple geographic locations.
- **Exclusion Criteria:** Limited or localized reach confined to a specific area close to the location of the IIC.
- **Interview Example:**
  - "We're investing in sustainable development for our clients, often in challenging and unclear situations, particularly in emerging markets or fragile states, where we must navigate various dilemmas."
- **Corporate Example:**
  - "Since its inception, Bamboo has raised $450 million and invested in 30 developing countries. Bamboo is the strategic partner of Palladium, a global impact firm with operations in 90 countries." - (Bamboo Capital Partners, Operating Principles for Impact Management, p. 2, 2023)

Code Name: *Goal Alignment*

- **Definition:** The process of ensuring that individual or organizational objectives are in harmony with broader goals of stakeholders in collaboration in impact investing.
- **Inclusion Criteria:** Strategies and actions that support the achievement of shared objectives.
- **Exclusion Criteria:** Conflicting or misaligned goals that undermine collective success.
- **Interview Example:**
  - "In my view, impact and financial returns are fully aligned. Our stakeholders, including our pre-selected investors, are fully aware of this. These investors are specifically those who want their money to serve a purpose, not just to earn returns. The impact focus is integral from the start."
- **Corporate Example:**
  - "At Astanor, we condition our long-term incentive program also around the non-financial performance of our Fund. We ensure a complete alignment between our incentive structure and our long-term impact goals." - (Astanor GP Sàrl, Operating Principles for Impact Management, p. 5, 2023)

Code Name: *Good Investments*

- **Definition:** Investments that provide positive financial and social returns while aligning with ethical and value-based criteria.
- **Inclusion Criteria:** Financially profitable and socially responsible impact investments.
- **Exclusion Criteria:** Investments that are profitable but harmful to society or the environment.
- **Interview Example:**
  - "By capitalizing on the global sustainability movement, this can be a profitable investment that also delivers impact. It's not a separate asset class; you're investing for good and earning returns simultaneously."
- **Corporate Example:**
  - "At Anterra we believe that a good investment opportunity must, by definition, also help protect and improve the environment, respect social justice and demonstrate good governance." - (Anterra Capital BV, Impact Commitments, p. 5, 2020)

Code Name: *Grouping*

- **Definition:** The formation of local clusters in combination with resource collectivization and subsidization that give certain regions or sectors competitive advantages independent of the trends of the free market.
- **Inclusion Criteria:** Regional hot-spots of specific sectors, independent of others in the same ecosystem but higher intra-group dependencies.
- **Exclusion Criteria:** Arbitrary or superficial clustering that does not serve a clear purpose but reflecting natural business or sector distribution.
- **Interview Example:**
  - NONE
- **Corporate Example:**
  - "The SPTF Social Investor Working Group (SIWG) works to advance responsible investment in financial inclusion. The working group is open to all investors seeking financial and social returns. Currently, there are more than 600 investor members representing over 200 organizations in the group [...]" - (Incofin (Investment Management NV), Operating Principles for Impact Management, p. 10, 2022)

Code Name: *Growth*

- **Definition:** The process of increasing in size, value, or importance of an invested company, sector, or field.
- **Inclusion Criteria:** Sustainable and measurable increases in metrics such as revenue, market share, or personal development.
- **Exclusion Criteria:** Temporary or unsustainable increases that do not lead to long-term benefits.
- **Interview Example:**
  - "Growth isn't always the top priority."
- **Corporate Example:**
  - "Blue like an Orange allows companies to expand operations without giving up ownership or control, can create a more efficient financial structure and strengthen incentives for entrepreneurs to build and grow their businesses." - (Blue like an Orange Sustainable Capital Fund GP Sàrl, Impact & Sustainability Policy, p. 4, 2024)

Code Name: *Habituation of Virtue*

- **Definition:** The process of developing virtuous habits through consistent practice.
- **Inclusion Criteria:** Repeated actions that reinforce moral and ethical behavior.
- **Exclusion Criteria:** Inconsistent behavior that does not lead to the formation of virtues.
- **Interview Example:**
  - "When you're new to an organization, there's a lot to learn from your coworkers, team members, and bosses. In that regard, they often serve as an inspiration across various fields."
- **Corporate Example:**
  - NONE

Code Name: *Holistic Thinking*

- **Definition:** An approach to problem-solving that considers the entire system rather than just individual components.
- **Inclusion Criteria:** Consideration of all factors and their interconnections in decision-making.
- **Exclusion Criteria:** Narrow or reductionist thinking that ignores broader implications.
- **Interview Example:**
  - "This varies for each person, but for me, intuition—however you define it—plays a role. I take a holistic approach, starting with assessing the tangible product or service to see if it makes sense. Over the years, I've learned to ask, 'What are your top one, two, or three problems?'"
- **Corporate Example:**
  - "Through a holistic approach to sustainability, we strive for transformative impact, working towards a society in which all people can live a prosperous life on a thriving planet." - (Triodos Investment Management BV, Impact Approach, p. 4, 2022)

Code Name: *Imitation*

- **Definition:** The action of using someone else's behavior or ideas as a model (exemplar).
- **Inclusion Criteria:** Learning through the observation and replication of virtuous action and thinking.
- **Exclusion Criteria:** Blind copying without understanding the underlying principles of virtue.
- **Interview Example:**
  - "There are many practices in fund management that you can simply replicate."
- **Corporate Example:**
  - "We strongly encourage you to reproduce, copy and improve all tools, methods and ideas expressed in this report. We'd find it a waste if everybody re-invents the wheel themselves rather than building on each other's momentum!" - (Pymwymic Investment Management BV Impact Report, p. 41, 2023)

Code Name: *Impact Reporting*

- **Definition:** The process of documenting and communicating the effects of impact investments, particularly in terms of social, environmental, and economic outcomes.
- **Inclusion Criteria:** Transparent and comprehensive reports detailing the impact of actions and initiatives.
- **Exclusion Criteria:** Reports that are incomplete, biased, or omit significant information.
- **Interview Example:**
  - "At the portfolio management level, we require companies to assess and report their impact, ensuring that impact is consistently aligned with financial performance."
- **Corporate Example:**
  - "Following the implementation of the upgraded impact processes and procedures, additional focus is put towards monitoring and reporting on impact across our portfolio." - (DeeptechXL Fund Management BV, Impact Report, p. 52, 2023)

Code Name: *Impact Washing*

- **Definition:** The practice of overstating or misrepresenting the positive impacts of an organization or product.
- **Inclusion Criteria:** Misleading claims about social or environmental benefits.
- **Exclusion Criteria:** Accurate and transparent reporting of impacts.
- **Interview Example:**
  - "The problem for the industry is that when a conventional fund re-brands as an impact fund, it can dilute the entire ecosystem. However, I'm careful to avoid this trap by rigorously questioning management on what they consider to be truly impactful investments."
- **Corporate Example:**
  - "These new regulations obligate financial market participants with sustainability claims to be more open about their sustainability performance. The increased reporting requirements improve transparency and help reduce risk of greenwashing." - (Brightlands Venture Partners, Impact Report, p. 11, 2023)

Code Name: *Implications of Not-Knowing*

- **Definition:** The consequences that arise from a lack of knowledge or understanding in decision-making in impact investments.
- **Inclusion Criteria:** Risks and challenges associated with uncertainty and ignorance.
- **Exclusion Criteria:** Situations where all necessary information is available and understood.
- **Interview Example:**
  - "The effectiveness of a manager can vary greatly depending on the region. For instance, someone successful in Europe might not necessarily be effective in Africa due to the lack of knowledge about stakeholders, regional business, and culture."
- **Corporate Example:**
  - "Lack of data is today one of the greatest barriers to unlock investment flows." - (Cardano Development, Impact Review and Trends, p. 6, 2022)

Code Name: *Incentivization*

- **Definition:** The process of offering rewards or benefits to motivate specific actions or behaviors from the stakeholders of IIF.
- **Inclusion Criteria:** Financial, material, or intrinsic rewards designed to encourage desired outcomes.
- **Exclusion Criteria:** Punitive measures or non-motivational actions.
- **Interview Example:**
  - "It's not just about someone with a mild interest in the environment saying they want to do good—you need to provide incentives."
- **Corporate Example:**
  - "Truvalu aims to collaborate with DFIs and local financial institutions to incentivize investments in SMEs." - (Truvalu BV, Impact Report, p. 51, 2023)

Code Name: *Inclusivity*

- **Definition:** The practice of engaging with organizations and/or people who might otherwise be excluded or marginalized in stakeholder relations.
- **Inclusion Criteria:** Efforts to ensure diverse perspectives and participation in decision-making and management.
- **Exclusion Criteria:** Exclusive practices that limit participation to certain groups.
- **Interview Example:**
  - "When it comes to ethics, especially business ethics like views on corruption, we are not very tolerant. However, we are very inclusive in terms of inspiration."
- **Corporate Example:**
  - "By actively supporting women-led and gender-focused businesses and integrating gender considerations into our investments, we aim to unlock inclusivity across our focus markets." - (Truvalu BV, Impact Report, p. 56, 2023)

Code Name: *Information Asymmetry*

- **Definition:** A situation where one party (here stakeholder) in a transaction has more or better information than the other.
- **Inclusion Criteria:** Scenarios where unequal access to information affects decision-making, outcomes and equity.
- **Exclusion Criteria:** Transactions or interactions where both parties have equal information and understanding.
- **Interview Example:**
  - "I believe he possesses some knowledge and skills that I don't have since I haven't gone through the entrepreneurial journey. At the same time, I also bring a background and expertise that he might not have. I think combining both of our strengths will make us more effective managers."
- **Corporate Example:**
  - "The Fund mitigates such limitations by engaging diverse stakeholders for input, and conducting analyses to account for uncertainties in data and preferences." - (Gilde Healthcare Partners BV ("GHP"), SFDR Website Disclosure, p. 4, 2023)

Code Name: *Inter-level Power Gradients*

- **Definition:** The differences in power and authority across various levels between stakeholders in their ecosystem.
- **Inclusion Criteria:** Analysis of how power dynamics affect decision-making and influence between stakeholders.
- **Exclusion Criteria:** Situations where power is evenly distributed or irrelevant between stakeholders.
- **Interview Example:**
  - "We are part of an institution and hold power, so it's understandable that we become a target for individuals, organizations, and the media. Power isn't just about who controls the value and its distribution; it's also about agency and preserving dignity."
- **Corporate Example:**
  - "Finally, we believe there are enough investable SMEs that meet our criteria and that power structures in buying global companies will remain fair or improve [...]" - (Truvalu BV, Impact Report, p. 18, 2023)

Code Name: *Inter-organizational Collaboration*

- **Definition:** The process by which multiple organizations (stakeholders) or representatives of which (e.g. the fund manager) work together towards a common goal.
- **Inclusion Criteria:** Partnerships, alliances, and joint ventures between organizations or their representatives.
- **Exclusion Criteria:** Independent or competitive actions that do not involve collaboration.
- **Interview Example:**
  - "I believe that collaboration with key stakeholders, particularly on impact-related issues, is generally straightforward."
- **Corporate Example:**
  - "In order to foster the right level of collaboration, Astanor has set up (i) open forums with investors to address investees' challenges on relevant topics, (ii) a constant dialogue concerning the ever-evolving regulatory environment to ensure full integration of the latest requirements in its investment activities and (iii) an advisory committee with a mission to review and approve the Impact KPIs of all companies." - (Astanor GP Sàrl, Operating Principles for Impact Management, p. 7, 2023)

Code Name: *Inter-organizational Networks*

- **Definition:** The web of relationships and connections between different organizations or their representatives in impact investing.
- **Inclusion Criteria:** Formal and informal networks that facilitate cooperation and resource sharing.
- **Exclusion Criteria:** Organizations that operate in isolation without external connections.
- **Interview Example:**
  - "I firmly believe that the impact investing and sustainable finance community will grow to the point where the entire industry shifts toward a more sustainability-focused approach to allocating capital."
- **Corporate Example:**

  - "As such, Astanor brings together capital, deep sector knowledge and a strong network of entrepreneurs, impact investors, technologists, scientists, farmers, chefs, policy-makers and food lovers to give rise to a future of food that is nourishing, regenerative, scalable, trusted and delicious." - (Astanor GP Sàrl, Operating Principles for Impact Management, p. 3, 2023)

Code Name: *Internal Management*

- **Definition:** The process of managing internal operations, resources, and personnel within the IIC and their IIFs.
- **Inclusion Criteria:** Coordination and oversight of internal processes and team dynamics.
- **Exclusion Criteria:** Management efforts focused on external entities or stakeholders.
- **Interview Example:**
  - "When dealing with human interactions, it's about reasoning, finding solutions, and negotiating. If a shareholder or employee isn't cooperative, you may need to take decisive action, like a buyout or termination. Ideally, you'd address the issue before it escalates, but such challenges are common, whether you're managing an impact fund or not—there's always some level of conflict with founders and shareholders."
- **Corporate Example:**
  - "When considered necessary by the IC, a member of the investment team, either a partner or director, not involved in the opportunity analysis performs an independent review of the impact and sustainability case." - (Blue like an Orange Sustainable Capital Fund GP Sàrl, Impact & Sustainability Policy, p. 8, 2024)

Code Name: *Internal Stakeholders*

- **Definition:** Individuals or groups within an IIC who have a vested interest in its success and outcomes.
- **Inclusion Criteria:** Employees, managers, and owners who are directly affected by the IIC's operations.
- **Exclusion Criteria:** External parties who are not part of the IIC but may still be affected by its actions.
- **Interview Example:**
  - "For any investor, fund-of-funds, or pension fund, ticking all the boxes typically means you need a solid track record and a cohesive team."
- **Corporate Example:**
  - "In case the expected positive impact is not achieved, or unexpected negative impacts occur, the impact team, jointly with the investment team, will engage with the investee company to understand the issue and identify potential solutions and remediation measures." - (Bamboo Capital Partners, Operating Principles for Impact Management, p. 12, 2023)

Code Name: *Intra-level Power Gradients*

- **Definition:** The differences in power and influence within the same organization or system due to hierarchy or governance structures.
- **Inclusion Criteria:** Power imbalances among individuals of an organization.
- **Exclusion Criteria:** Equal power distribution among individuals in the same organization.
- **Interview Example:**

  - "Once you confirm the product makes sense, it's all about your people and their execution, which are key to its success."

- **Corporate Example:**

  - "The teamwork here is top-notch. Everyone is always ready to help each other, and the collaborative spirit makes work fun and engaging." - (Triple Jump, Impact Report, p. 32, 2023)

Code Name: *Knowledge*

- **Definition:** Information, understanding, or skills as the central resource in impact investing. This includes implicit and explicit knowledge.
- **Inclusion Criteria:** Expertise, awareness, and understanding derived from education, experience, or research.
- **Exclusion Criteria:** Ignorance or lack of information on a given subject.
- **Interview Example:**

  - "A competent fund manager must be highly knowledgeable in their field, deeply responsible, and fully accountable. Since we're entrusted with others' money, adhering to ethical standards is crucial. While it's not overly complex, there are clear principles for managing other people's finances. These three traits—knowledge, responsibility, and ethics—are essential for a good fund manager."

- **Corporate Example:**

  - "Many SMEs, as well as investors, lack awareness and knowledge of the concept and benefits of for example green financing, or may not have sufficient knowledge and skills to identify, assess, and implement green projects and activities." - (Truvalu BV, Impact Report, p. 31, 2023)

Code Name: *Knowledge Accumulation*

- **Definition:** The continuous process of gathering, updating, and refining expertise, insights, and information relevant to the fund manager's investment strategies and market understanding.
- **Inclusion Criteria:** Evidence of ongoing learning, staying current with market trends, and integrating new information into decision-making processes.
- **Exclusion Criteria:** Reliance on outdated information, failure to adapt to new market conditions, or lack of engagement in professional development.
- **Interview Example:**

  - "Throughout the due diligence process, we make every effort to gather as much information as possible from both the operational and non-operational teams. This helps us collect diverse perspectives and ideas, allowing us to form a well-informed and robust position on whether to invest in the company."

- **Corporate Example:**

  - "Blue like an Orange's team believes that its impact and sustainability performance benefits from experience and knowledge acquisition." - (Blue like an Orange Sustainable Capital Fund GP Sàrl, Impact & Sustainability Policy, p. 6, 2024)

Code Name: *Knowledge Distribution*

- **Definition:** The process of sharing information and knowledge within or between organizations or individuals.
- **Inclusion Criteria:** Effective communication and dissemination of information.
- **Exclusion Criteria:** Hoarding of knowledge or ineffective information sharing.
- **Interview Example:**
  - "Success involves aligning various interests and perspectives, investing time in sharing knowledge where it can be effectively applied. I believe that the more broadly these perspectives and knowledge are shared, the more effective they become."
- **Corporate Example:**
  - "Transparency and knowledge sharing are key aspects of Triple Jump's strategy, highlighted by our membership in the 2X Global initiative7 and the active involvement of our internal Gender Working Group. These efforts ensure ongoing engagement with the latest developments and best practices in gender equality." - (Triple Jump, Impact Report, p. 29, 2023)

Code Name: *Knowledge Processing*

- **Definition:** The methods by which knowledge is interpreted, analyzed, and used to make decisions within an organization or by an individual.
- **Inclusion Criteria:** Cognitive and technological processes that aid in understanding and decision-making.
- **Exclusion Criteria:** Raw data or information that has not yet been processed or analyzed.
- **Interview Example:**
  - "The first thing we do is explain our knowledge processes and the systems we have in place. It's important for them to understand this so they don't keep pushing on issues that we've already addressed. Instead, we need to focus on the blank spots or blind spots. It's crucial for them to understand what we're doing and what we already know, just as we need to understand what they know."
- **Corporate Example:**
  - "Gilde Healthcare has extensive knowledge and experience in house to assess and process the data gathered in the due diligence phase, to ensure that the contemplated investment is in line with the sustainable investment objective of the Fund." - (Gilde Healthcare Partners BV ("GHP"), SFDR Website Disclosure, p. 4, 2023)

Code Name: *Legal Sphere*

- **Definition:** The domain of law and legal processes that govern behavior and actions in impact investing.
- **Inclusion Criteria:** Legal frameworks, regulations, and judicial systems of a particular ecosystem.
- **Exclusion Criteria:** Informal or extralegal norms and practices.
- **Interview Example:**
  - "It's not compliant with the SFDR, though I'm not sure if the European Commission is currently enforcing penalties for violations, but I believe they will in the future."
- **Corporate Example:**

  - "To complement its impact management framework, Astanor is committed in complying with various regulation-related engagements but also internationally recognized initiatives and standards [...]" - (Astanor GP Sàrl, Operating Principles for Impact Management, p. 4, 2023)

Code Name: *Legitimacy*

- **Definition:** The recognized and accepted authority or validity of impact investing as a credible and effective investment philosophy in finance.
- **Inclusion Criteria:** Actions or entities in impact investing that are widely accepted as rightful or appropriate in the field of impact investment as a part of finance and conducive to its recognition.
- **Exclusion Criteria:** Practices or institutions that are contested, unjust or detrimental to the development of the field of impact investing.
- **Interview Example:**
  - "Adhering to the strict guidelines of the investment profession is crucial, not just for us but for all fund managers."
- **Corporate Example:**
  - "Over the last decade, through our early investments across impactful sectors in emerging and frontier markets, Bamboo's funds such as Financial Inclusion Fund I, Oasis and Financial Inclusion Fund II have played a key role in building and shaping the products and services to millions of low-income people in Africa and Asia, in the fields of financial inclusion, access to clean energy, access to healthcare and education. Our new generation of funds in partnerships with non-profit organizations and international organizations, enables us to explore new impact themes and sharpen our impact thesis." - (Bamboo Capital Partners, Operating Principles for Impact Management, p. 2, 2023)

Code Name: *Long-termism*

- **Definition:** An approach that prioritizes long-term outcomes over short-term gains, inherent to the philosophy of impact investing.
- **Inclusion Criteria:** Strategies and decisions that consider the impact on the future of markets, people, and ecosystems.
- **Exclusion Criteria:** Short-term decisions that neglect long-term consequences.
- **Interview Example:**
  - "Short-term profits are necessary to create long-term value."
- **Corporate Example:**
  - "We believe that agri-finance is another important cornerstone of our long-term impact vision: smallholders represent 70% of the world's poor and 2 Alternative Investment Fund Manager 3 Fairtrade Access Fund Page 4 of 20 contribute more than 80% of total food production on our planet. Yet they are severely financially underserved due to market breakdowns and challenges in the value chain structures of smallholders." - (Incofin (Investment Management NV), Operating Principles for Impact Management, pp.3-4, 2022)

Code Name: *Market*

- **Definition:** The current market of impact investing and IICs embedded within.
- **Inclusion Criteria:** Supply and demand dynamics for impact investments in local or global markets.
- **Exclusion Criteria:** Sustainable commodities, securities, derivatives markets, etc.

- **Interview Example:**
  - "It's extremely risky to operate in these impact investing markets, and you might be completely surprised by the dynamics that emerge."
- **Corporate Example:**
  - "Within our own sector, we try to contribute to investor surveys and conferences where we can to help develop the local business and investment ecosystem in our markets." - (XSML Capital, Operating Principles for Impact Management, p. 6, 2023)

Code Name: *Mentorship*

- **Definition:** The guidance provided by a more experienced person to someone with less experience, often in a professional context.
- **Inclusion Criteria:** Relationships where knowledge, skills, and experience are shared to foster development.
- **Exclusion Criteria:** Peer-to-peer learning or formal training programs without a personal mentor-mentee relationship.
- **Interview Example:**
  - "If you invest, you might expect to impact 100,000 farmers, plant a certain number of trees, or cover a specific number of hectares. However, it's like comparing the impact of being in a class of 100 versus 30, or having a one-on-one session with a mentor—which scenario will have the most significant effect on your life?"
- **Corporate Example:**
  - "Decent work and economic growth: through our mentoring programs, we support entrepreneurs and make sure they can run their business in an efficient way and can make a living out of it." - (Funds For Good SA, Responsible Investment Policy, p. 4, 2024)

Code Name: *Mission Drift*

- **Definition:** The gradual shift away from an organization's original mission or objectives in impact investing.
- **Inclusion Criteria:** Changes in priorities, objectives, or actions that deviate from the original mission.
- **Exclusion Criteria:** Strategic adjustments that align with the original mission and vision.
- **Interview Example:**
  - "So all in all, those three parameters, founders, people that are surrounding us, people that are the collective and then the third, the LPs, that is something that keeps me focused on the mission that we have and not to be caught up in a situation of mission drift."
- **Corporate Example:**
  - "Una Terra's conflict of interest policy ensures ethical conduct, transparency, and stakeholder protection by addressing conflicts of interest that may arise at Una Terra, it applies to all staff members." - (Una Terra Venture Capital Impact Fund, ESG Strategy, p. 8, 2023)

Code Name: *Mitigation*

- **Definition:** The role of the fund manager to reduce the severity, seriousness, or painfulness of the misaligned logics, goals, etc.
- **Inclusion Criteria:** Efforts to lessen negative impacts, risks, or damages.
- **Exclusion Criteria:** Actions that exacerbate or ignore potential harms.
- **Interview Example:**
  - "This might involve buying out a shareholder or letting someone go, but ideally, you address the issue before it escalates."
- **Corporate Example:**
  - "These risks will be balanced with the positive impact the target company generates and is expected to generate, and an evaluation will be made on the ways to mitigate them." - (Impact expansion (KOIS), SFDR Compliance, p. 17, 2024)

Code Name: *Moral Conflicts*

- **Definition:** Situations in which there are competing moral principles or values, making it difficult to determine the right course of action.
- **Inclusion Criteria:** Ethical dilemmas where values or principles are in opposition.
- **Exclusion Criteria:** Clear-cut situations where there is a single, evident moral course of action.
- **Interview Example:**
  - "If someone's moral standards are completely different, they're likely not a good fit."
- **Corporate Example:**
  - "To ensure that investments do not cause significant harm to any environmental or social objectives, the Fund excludes investing in certain non-ethical businesses set out in the Fund's exclusion list set out in the prospectus of the Fund." - Gilde Healthcare Partners BV ("GHP"), SFDR Website Disclosure, p. 2, 2023

Code Name: *Moral Virtues*

- **Definition:** Qualities that promote ethical behavior and decision-making in stakeholder management.
- **Inclusion Criteria:** See List of Moral Virtues D.1.1.
- **Exclusion Criteria:** Moral Vice, Epistemic Virtues.
- **Interview Example:**
  - "These values — transparency, humility, inclusion, empathy, and vision — are also reflected on our website." and see Examples of Moral Virtues in Interviews, Table D.7, Subsection D.4.1 in Appendix-Section D.4.
- **Corporate Example:**
  - "My parents raised me with values like honesty, integrity, justice, solidarity and equality for all." - (Truvalu BV, Impact Report, p. 40, 2023) and see Examples of Moral Virtues in Corporate Documents, Table D.7, Subsection D.4.1 in Appendix-Section D.4.

Code Name: *Motivating*

- **Definition:** Influence the driving forces behind stakeholders' actions or behaviors in impact investing by motivating them to pursue impact.
- **Inclusion Criteria:** Intrinsic and extrinsic factors that influence behavior.
- **Exclusion Criteria:** Lack of drive or apathy towards goals and tasks.
- **Interview Example:**
  - "We're working to show that sustainable farming isn't just good for humanity, but also financially viable. Farmers need to earn a living, so we're proving that regenerative farming can be financially beneficial for them. So we're really trying to prove the financial benefit for for farmers to engage in regenerative farming and motivate them to do their part of impact."
- **Corporate Example:**
  - "This supports the retainment of talent and employee motivation. "Inclusive finance can be powerful for an equitable financial landscape and societal impact. This is what Truvalu aims to contribute to." - (Truvalu BV, Impact Report, p. 40, 2023)

Code Name: *Networking*

- **Definition:** The process of interacting with others to exchange information and develop professional or social contacts in impact investing for mutual benefit and support.
- **Inclusion Criteria:** Building and maintaining relationships that support personal or organizational goals.
- **Exclusion Criteria:** Superficial or one-sided interactions that do not foster meaningful connections.
- **Interview Example:**
  - "When we see potential synergies with new customers or need feedback, we first tap into our network of LPs to help us assess the opportunity, which also helps them feel more connected to the investment."
- **Corporate Example:**
  - "Our team actively hosted and participated in numerous industry events, workshops, and conferences to foster collaboration and knowledge sharing within the impact investment community." - (LUMO Labs BV, Impact Report, p. 8, 2023)

Code Name: *Objectivity*

- **Definition:** The practice of basing decisions and actions on facts without the influence of personal feelings or biases.
- **Inclusion Criteria:** Decisions and assessments based on empirical evidence and logic.
- **Exclusion Criteria:** Decisions influenced by personal opinions, emotions, or biases.
- **Interview Example:**
  - "I'm judging myself, of course. That's what motivates me, but it's also risky because I'm not entirely objective in these matters since I'm personally involved."
- **Corporate Example:**
  - "Employees should avoid conflicts of interest that could compromise their objectivity or loyalty to the firm." - (Una Terra Venture Capital Impact Fund, ESG Strategy, p. 8, 2023)

Code Name: *Personnel*

- **Definition:** The people who work for an organization, typically in a professional capacity, as a resource in impact investing.
- **Inclusion Criteria:** All employees, staff members, and workforce within an organization.
- **Exclusion Criteria:** Contractors or temporary workers who are not considered part of the core staff.
- **Interview Example:**
  - "That's why, when new people join us, we ensure they align with our values, which are crucial for reinforcing our purpose and vision. And for our founders, we offer our network or assist in finding candidates within it to help strengthen their team."
- **Corporate Example:**
  - "The capability of young companies to attract talent and retain their key managers and employees is key for value creation and will be monitored." - (Newton Biocapital, Policy in the Management of sustainability Risks and adverse Impacts, p. 6, 2024)

Code Name: *Pressure*

- **Definition:** The stress or urgency felt due to the demands of stakeholders or the general market of impact investing.
- **Inclusion Criteria:** Situations where external (or internal) forces create a sense of urgency or stress within the ecosystem.
- **Exclusion Criteria:** Calm or low-stress environments without significant demands.
- **Interview Example:**
  - "We're under significant pressure to deliver because we've made substantial promises."
- **Corporate Example:**
  - "It reflects the persistent inflation, the impact of tighter conditions and the subdued external demand." - (Inpulse Investment Manager SC, Impact Report, p. 7, 2022)

Code Name: *Principles*

- **Definition:** Fundamental truths or propositions that serve as the foundation for a system of belief or behavior in impact investing.
- **Inclusion Criteria:** Core beliefs that guide decisions and actions.
- **Exclusion Criteria:** Practices or actions that contradict or ignore these foundational beliefs.
- **Interview Example:**
  - "At the end of the day, the 'keep it simple, stupid' principle is key. If things go wrong, simplicity is crucial, and even if they don't, it's better that everyone fully understands what they're agreeing to."
- **Corporate Example:**
  - "Such list may be extended insofar as additional exclusions match with the Fund's investment principles and do not contradict the Fund's core investment strategy." - (Gilde Healthcare Partners BV ("GHP"), SFDR Website Disclosure, p. 2, 2023)

Code Name: *Professionalism*

- **Definition:** The conduct, aims, or qualities that characterize a profession or professional person, here the fund managers expression of professionalism and what constitutes professional.
- **Inclusion Criteria:** Adherence to the standards and ethics of one's profession.
- **Exclusion Criteria:** Behavior or actions that are unprofessional or violate industry standards.
- **Interview Example:**
  - "There's significant pressure on me to deliver as an investor, but I must remember that my influence is limited. Staying grounded is essential, especially since the stakes can be as high as life or death for a venture."
- **Corporate Example:**
  - "We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior." - (Incofin (Investment Management NV), Operating Principles for Impact Management, p. 18, 2022)

Code Name: *Profit Approach*

- **Definition:** A strategy focused on maximizing financial gain and profitability (whilst generating positive social and environmental impact).
- **Inclusion Criteria:** Business practices and decisions aimed at increasing revenue and profit margins as well as social or environmental outcomes.
- **Exclusion Criteria:** Approaches that neglect social or environmental outcomes over profitability.
- **Interview Example:**
  - "Operationally, our priority is nearly always financial—securing decent returns first allows us to achieve impact afterward."
- **Corporate Example:**
  - "We are not a pure-play impact fund, nor not-for-profit. We serve our fiduciary duty to investors in creating long-term value, identifying opportunities to achieve superior investment returns while contributing to climate- change solutions." - (Junction Growth Partners BV, ESG Policy, p. 2, 2024)

Code Name: *Profit Scale*

- **Definition:** The expectation of profit relative to the size or scale of an operation as defined by the investors of IICs.
- **Inclusion Criteria:** Assessments of profitability in relation to the scale of business operations.
- **Exclusion Criteria:** Profit assessments that do not consider the scale of operations or are disproportional to the industry average in impact investments.
- **Interview Example:**
  - "We've already begun educating our investors not to expect exorbitant returns."
- **Corporate Example:**
  - "In terms of financial returns, the Fund targets gross IRR of 20% and gross investment multiple of 2.5x, which is in line with what the partners have achieved with their European Impact or Impact-leaning investments over the last 10 years." - (Impact expansion (KOIS), SFDR Compliance, p. 10, 2024)

Code Name: *Reason*

- **Definition:** The power of the mind to think, understand, and form judgments logically.
- **Inclusion Criteria:** Cognitive processes that involve critical thinking and the application of logic.
- **Exclusion Criteria:** Illogical or irrational thought processes.
- **Interview Example:**
  - "That's not very different from any situation, whether you're involved in impact investing or not. In the end, it's about reasoning, finding solutions, and negotiating during human interactions."
- **Corporate Example:**
  - "The proprietary process of our impact assessment therefore goes beyond current data and knowledge, builds on the latest industry developments and standards and gives room for development and innovation in our judgment forming." - (Triodos Investment Management BV, Impact Approach, p. 4, 2022)

Code Name: *Receptivity for Virtue*

- **Definition:** The openness to adopting and embracing virtuous qualities and behaviors by the actors in impact investing.
- **Inclusion Criteria:** A willingness to learn, grow, and incorporate ethical principles into one's life.
- **Exclusion Criteria:** Resistance to change or rejection of moral and ethical values.
- **Interview Example:**
  - "After that, it's about communication and embodying the values of a good manager. Being a good manager means consistently sharing those values on a daily basis and demonstrating to the team that success is possible while staying true to our principles. This approach helps foster a sense of motivation and inspiration among the team. Additionally, by holding offsite meetings, we can discuss how to improve even further and continue to grow together."
- **Corporate Example:**
  - NONE

Code Name: *Relational Practices*

- **Definition:** The actions and behaviors that build and maintain relationships within and between stakeholders.
- **Inclusion Criteria:** Collaborative and communicative practices that foster strong, positive relationships.
- **Exclusion Criteria:** Practices that isolate individuals or undermine relationship-building efforts.
- **Interview Example:**
  - "When you don't have the kind of relationship we currently have, you either give your best, which the other person receives, and together you can build something powerful. Ultimately, you need to have face-to-face conversations with people, look them in the eye, and express your gratitude for their work and contributions. However, it's also crucial to make them understand that change is necessary."
- **Corporate Example:**
  - "It's not uncommon for me to find myself in thought-provoking lunchtime discussions with colleagues from Kyrgyzstan, Brazil, France, Mexico, and Kenya!" - (Triple Jump, Impact Report, p. 33, 2023)

Code Name: *Risk Evaluation*

- **Definition:** The process of assessing the potential risks associated with a decision or action in impact investing (to stakeholders).
- **Inclusion Criteria:** Identification, analysis, and prioritization of risks.
- **Exclusion Criteria:** Decisions made without considering or evaluating risks.
- **Interview Example:**
  - "The process begins with understanding the client's needs, but the ESG officer also assesses all associated ESG risks by engaging with communities, local stakeholders, and company employees."
- **Corporate Example:**
  - "These risks will be balanced with the positive impact the target company generates and is expected to generate, and an evaluation will be made on the ways to mitigate them." - (Impact expansion (KOIS), SFDR Compliance, p. 17, 2024)

Code Name: *Risk Mitigation*

- **Definition:** The actions taken to reduce the likelihood or impact of potential risks in impact investing (between stakeholders).
- **Inclusion Criteria:** Strategies to manage or minimize risks, such as diversification or insurance.
- **Exclusion Criteria:** Ignoring risks or taking no action to address potential hazards.
- **Interview Example:**
  - "Shareholder X sees higher risk as more concerning than Y, so they have a different perspective. This makes stakeholder engagement with both shareholders and other stakeholders crucial to maintaining their support, because if we only listen to one side, the other could cause significant issues."
- **Corporate Example:**
  - "Our strong governance structures mitigate both investment and impact risk, and is achieved through the oversight of our highly engaged advisory board, robust internal decision-making processes and supervision of financial market authorities." - (4impact, Impact Report, p. 25, 2023)

Code Name: *Risk Prevention*

- **Definition:** The proactive measures (by the fund manager) taken to avoid or eliminate risks before they occur in impact investments.
- **Inclusion Criteria:** Preventative actions and policies aimed at stopping risks from materializing.
- **Exclusion Criteria:** Reactive measures that address risks after they have occurred.
- **Interview Example:**
  - "I'm always upfront with our shareholders about the challenges of this job, the significant risks involved, and the need to be purpose-driven to persevere. I haven't used it yet, but I've seen other impact investors include an emergency clause in shareholder agreements. This clause allows them to sell their shares for a nominal amount if the company makes a pivot that doesn't align with their values, enabling them to exit the business and avoid association."
- **Corporate Example:**

  - "We commit to provide clear and accessible channels for reporting concerns, such as unethical behavior, fraud, financial irregularities, violations of laws or regulations, or any other misconduct." - (Una Terra Venture Capital Impact Fund, ESG Strategy, p. 7, 2023)

Code Name: *Satisfying Stakeholder Expectations*

- **Definition:** The process of meeting or exceeding the needs and desires of stakeholders in impact investing.
- **Inclusion Criteria:** Actions and decisions that align with stakeholder interests and priorities.
- **Exclusion Criteria:** Ignoring or failing to meet stakeholder needs and expectations.
- **Interview Example:**
  - "They're aiming for a big Series A with high valuations, and if you raise capital at a high valuation, investors will have equally high expectations. So then if a company doesn't meet their impact expectations, we won't move forward with the investment."
- **Corporate Example:**
  - "At Noshaq, we are not happy simply to meet the financial expectations of our stakeholders." - (Noshaq SA, Mission Statement, p. 1, 2024)

Code Name: *Self-interest*

- **Definition:** The pursuit of one's own advantage, benefit, or well-being in alignment with the eudaimonic principles.
- **Inclusion Criteria:** Actions or decisions primarily motivated by personal gain or benefit.
- **Exclusion Criteria:** Altruistic actions that prioritize others' well-being over one's own.
- **Interview Example:**
  - "Yes, our fund is my approach to achieving the goal of a positive, long-lasting contribution to the people. This is what I work for."
- **Corporate Example:**
  - "Impact mind represents an individual who is driven to create positive change, unwilling to work where impact isn't central, and actively promoting it in all aspects of life." - (Pymwymic Investment Management BV, Impact Report, p. 8, 2023)

Code Name: *Service*

- **Definition:** Role of the fund manager in helping or doing work for stakeholders, or the provision of goods and assistance to meet needs for the success of made impact investments.
- **Inclusion Criteria:** Acts of assistance or support provided to stakeholders in impact investing.
- **Exclusion Criteria:** Actions that do not contribute to the well-being or satisfaction of the stakeholders of IIFs.
- **Interview Example:**
  - "I'm passionate about discovering companies and helping them progress."
- **Corporate Example:**
  - "[...] but also by accompanying our investee companies throughout their impact journey, either through regular monitoring, Board level engagement, and/or technical assistance." - (Bamboo Capital Partners, Operating Principles for Impact Management, p. 8, 2023)

Code Name: *Size*

- **Definition:** The physical, operational, or financial scale of an IICs and the quantity and composition of its IIFs.
- **Inclusion Criteria:** Metrics related to the scale of operations, including employee count, revenue, or market presence.
- **Exclusion Criteria:** Qualitative factors unrelated to the scale of the IICs or IIFs.
- **Interview Example:**
  - "That's why we operate as an small evergreen fund; we believe that by not rushing into impact, it will naturally occur once everything else is in place."
- **Corporate Example:**
  - "Kampani increased its capital in 2023: the total fund size grew from 10 to €14.6M." - (Kampani, Annual Report, p. 9, 2023)

Code Name: *Social Impact*

- **Definition:** The effect of an activity or decision in impact investing on the well-being of a community or society (beneficiaries).
- **Inclusion Criteria:** Positive or negative outcomes that affect social systems and communities.
- **Exclusion Criteria:** Impacts that are purely economic without any social or environmental considerations.**Interview Example:**
  - "We aim to determine whether the founder is motivated by impact and whether the business is designed to create impact or merely to generate financial returns."
- **Corporate Example:**
  - "Astanor is an impact investor, delivering financial, social and environmental returns in equal measure. The firm believe it is both possible and necessary to scale a regenerative, connected agriculture and food system which protects the planet and supports a healthy, sustainable global population." - (Astanor GP Sàrl, Operating Principles for Impact Management, p. 3, 2023)

Code Name: *Social Norms*

- **Definition:** The unwritten rules of behavior that are considered acceptable in a group of stakeholders adherent to social concerns in society.
- **Inclusion Criteria:** Practices and behaviors that are widely accepted and expected within stakeholders adherent to social concerns.
- **Exclusion Criteria:** Outliers or behaviors that deviate significantly from expectations of social norm.
- **Interview Example:**
  - "This involves discussing human rights charters, sustainable development goals, and global gender values, all of which are widely regarded as collective values and norms."
- **Corporate Example:**
  - "We strive to comply with all applicable legal, regulatory and ESG requirements and strive to respect international norms of behavior. All personnel are expected to be familiar with the local and international laws and regulations relevant to their roles and responsibilities and managers are expected to ensure that business activities comply." - (Una Terra Venture Capital Impact Fund, ESG Strategy, p. 7, 2023)

Code Name: *Social Rules*

- **Definition:** The formal and informal guidelines that dictate social behavior and interactions of stakeholders.
- **Inclusion Criteria:** Codified laws and informal customs that regulate social conduct of stakeholders.
- **Exclusion Criteria:** Individual behaviors that are not governed by social expectations within stakeholders.
- **Interview Example:**
  - "We aim to operate within the rules of capitalism and the capitalistic society."
- **Corporate Example:**
  - "In addition to financial support, we reinforce ethical principles and good ESG practices in our portfolio companies through promotion of client protection practices, decent working conditions for employees, fight against corruption, money laundering and tax evasion, as well as environmental preservation." - (Incofin (Investment Management NV), Operating Principles for Impact Management, p. 10, 2022)

Code Name: *Social Strategies*

- **Definition:** The plans and tactics employed to achieve social objectives and influence societal outcomes by stakeholders in impact investing.
- **Inclusion Criteria:** Organized efforts to effect social change or achieve social goals.
- **Exclusion Criteria:** Individual actions that do not have broader social implications.
- **Interview Example:**
  - "We exclusively choose impact-driven opportunities that align with our investment strategy, ensuring full alignment on the impact side."
- **Corporate Example:**
  - "Impact Expansion is an impact-focused fund manager, and impact investing is at the core of our investment strategy. The Fund targets and invests in impactful companies where impact is an integral part of their business model and therefore aligned with the company's financial performance." (Impact expansion (KOIS), SFDR Compliance, p. 9, 2024)

Code Name: *Social Values*

- **Definition:** The collective ideals and priorities of stakeholder adherent to social concerns.
- **Inclusion Criteria:** Core beliefs that guide societal behavior and decision-making of stakeholders.
- **Exclusion Criteria:** Individual or fringe values that are not widely shared by society or individual stakeholder within.
- **Interview Example:**
  - "In our field, the collective norms and values largely align with the goals of the UN, including the human rights charters, sustainable development goals, and global gender values. These are considered shared values and standards."
- **Corporate Example:**
  - "Societal values and impact are also evolving, with people becoming more focused on ethical implications. We can observe diminishing respect for traditional authorities; however, people still respect companies. This respect is quite fragile and might disappear if instances of unethical behavior in the companies continue." - (Inventures Investment Partners SA, Impact Report, p. 7, 2023)

Code Name: *Socialization*

- **Definition:** The process/background by which fund managers and their organization learn and adopt the norms, values, and behaviors of their society (private and professional socialization).
- **Inclusion Criteria:** Experiences that shape an individual's social identity and behavior.
- **Exclusion Criteria:** Isolated or non-social experiences that do not contribute to social learning.
- **Interview Example:**
  - "It's beneficial to have a different background from others."
- **Corporate Example:**
  - "Seeking diverse backgrounds and viewpoints in our hiring and research processes • Valuing and welcoming the insights of diverse groups; employees are not alienated or excluded. • Because they don't fit a set of cultural norms • Respectful communication between all employees regardless of title or level." - (Una Terra Venture Capital Impact Fund, ESG Strategy, p. 6, 2023)

Code Name: *Societal Consensus*

- **Definition:** The general agreement within a society on certain values, norms, or policies on sustainability, the aspiration of positive impact, and wellbeing.
- **Inclusion Criteria:** Widely accepted norms and values that guide societal behavior in favor of impact.
- **Exclusion Criteria:** Disagreements or contested issues that lack broad societal support regarding sustainability, etc.
- **Interview Example:**
  - "Sometimes, growth isn't the top priority, unlike in Europe and America, where growth is often the main focus. In other parts of the world, other factors are also important."
- **Corporate Example:**
  - "This data indicates that HIF is at the forefront of promoting gender inclusivity within its portfolio, aligning with broader societal expectations." - (NLC Ventures Netherlands BV, Impact Report, p. 30, 2023)

Code Name: *Stage*

- **Definition:** A specific point or level of an investee company that determines resource demand, size of operation, or technology readiness, which define the approach of investments by fund managers in stakeholder management.
- **Inclusion Criteria:** Clearly defined phases or periods within the lives of the invested company in impact investing.
- **Exclusion Criteria:** Transitory or ill-defined points without clear significance in impact investing.
- **Interview Example:**
  - "In venture capital, especially at the very early stages, there's a high risk that everything could go wrong."
- **Corporate Example:**
  - "FIRST, a pre-seed fund managed by BioGeneration Ventures, invests in early-stage ventures that develop a medical innovation based on promising academic research." - (BGV (BioGeneration Ventures), ESG & Impact Report, p. 8, 2022)

Code Name: *Stakeholder Inclusion*

- **Definition:** The practice of involving all relevant stakeholders in decision-making processes by the fund manager in impact investing.
- **Inclusion Criteria:** Efforts to engage and consider the views of all affected stakeholders.
- **Exclusion Criteria:** Decision-making that excludes or marginalizes key stakeholders.
- **Interview Example:**
  - "To explain how we aim to involve all stakeholders, the first step when evaluating or discovering a company is to engage directly with the founder."
- **Corporate Example:**
  - "BGV is committed to fostering, cultivating and preserving a culture of diversity, equity and inclusion, given that our people are the most valuable asset we have." - (BGV (BioGeneration Ventures), ESG & Impact Report, p. 32, 2022)

Code Name: *Stakeholder Plurality*

- **Definition:** The acknowledgment and inclusion of multiple stakeholders with diverse interests and needs into impact investments.
- **Inclusion Criteria:** Efforts to balance and address the concerns of various stakeholder groups.
- **Exclusion Criteria:** Focusing on a single stakeholder group to the exclusion of others.
- **Interview Example:**
  - "I have quite a few stakeholders to manage, to be honest. To name a few, there are the founders, LPs, the collective, both operational and non-operational teams, and the regulatory aspects as well. Each of these stakeholders has an influence, and, for example, entrepreneurs also impact their employees. So, we have several key stakeholders that we need to carefully manage."
- **Corporate Example:**
  - "We believe in uniting diverse stakeholders to share insights and ideas, fostering partnerships that set standards and realistic expectations for healthcare impact. As our venture portfolio expands globally, so does our network." - (NLC Ventures Netherlands BV, Impact Report, p. 11, 2023)

Code Name: *Stewardship*

- **Definition:** Role of the responsible fund manager to supervise their portfolio of companies and give guidance and resources to individual SEs if required.
- **Inclusion Criteria:** Actions by the fund manager that prioritize long-term sustainability and ethical responsibility of SEs.
- **Exclusion Criteria:** Neglect or misuse of resources by the fund manager that are detrimental to the success and soundness of invested SEs.
- **Interview Example:**
  - "At the portfolio management level, we require companies to assess and report their impact, ensuring that impact is consistently aligned with financial performance. This is part of our supervision, and we approach them if this is not the case to fix this."
- **Corporate Example:**

  - "Furthermore, as part of our stewardship approach, we will share our lessons learned and best practice examples with broader stakeholders." - (Junction Growth Partners BV, ESG Policy, p. 4, 2024)

Code Name: *Teamwork (Inter)*

- **Definition:** The process of different teams within one IIC working together to achieve shared objectives.
- **Inclusion Criteria:** Coordination and cooperation between distinct teams within an organization.
- **Exclusion Criteria:** Independent team actions without interaction or coordination with other teams.
- **Interview Example:**
  - "Besides your external stakeholders such as founders, limited partners, and the collective, you have internal. You have the impact team, the compliance team, and your operational team you work and collaborate with on a rather daily basis."
- **Corporate Example:**
  - "[...] the impact deep dive (the "Impact Deep Dive"), which is led by the impact team in collaboration with the Astanor deal team, is an in-depth discussion [...]" (Astanor GP Sàrl, Operating Principles for Impact Management, p. 5, 2023)

Code Name: *Teamwork (Intra)*

- **Definition:** The effort of the fund manager to establish collaborative practices within their stakeholder management team to achieve impact.
- **Inclusion Criteria:** Cooperative and coordinated actions among team members, guided by the fund manager.
- **Exclusion Criteria:** Individualistic approaches that undermine group cohesion or neglect effective collaboration between stakeholders in impact investing.
- **Interview Example:**
  - "For me, it's essential to work with someone you trust, especially when it comes to receiving accurate data and having open, honest discussions. Trust is key here. I believe that having an open debate with open-ended questions is crucial. My partner, who is perhaps even more experienced with numbers and modeling, often spots insights earlier than I do. However, we both tend to arrive at very similar conclusions, even if we take different approaches to get there."
- **Corporate Example:**
  - "Also, I played a part in improving our internal collaboration systems, which has boosted efficiency and collaboration within the team." - (Triple Jump, Impact Report, p. 32, 2023)

Code Name: *Time*

- **Definition:** Here, the allocation of time to made investments by the fund manager as a valuable resource in impact investing
- **Inclusion Criteria:** Practices by the fund manager that are conducive to the effective allocation of time.
- **Exclusion Criteria:** Actions or decisions that ignore time constraints or requirements posed by the nature and stakeholders of investments.

- **Interview Example:**
  - "We take our time when investing in ventures, and likewise, our fund investors take their time when investing in us. It's crucial to listen to founders and give them the time they need to express themselves. Time is a very crucial factor here, as it is limited, and we have to decide where to apply it to."
- **Corporate Example:**
  - "Successfully scaling innovation requires time, investment and partnerships." - (KOIS, Impact Report, p. 4, 2020)

Code Name: *Time Scale*

- **Definition:** The period over which impact investments occur, paired with the expectation of time to ROI by investors of IICs.
- **Inclusion Criteria:** Long-term and short-term considerations by investors of IICs.
- **Exclusion Criteria:** Aspects that do not account for the temporal dimension of outcomes.
- **Interview Example:**
  - "We don't have a set exit horizon, which is intentional and a significant factor for us. However, if a good exit opportunity arises and we believe it's right for the company, we would consider it, although we're cautious about supporting business exits."
- **Corporate Example:**
  - "We provide risk capital, join a company in its early growth stage and stay with it for a longer period of time to allow it to develop and grow properly. We hold our investments for five to seven years - "patient capital" we call it." - (Goodwell Investments BV, Impact Report, p. 7, 2019)

Code Name: *Track Record*

- **Definition:** The historical performance and outcomes of the fund manager's investment decisions and strategies over time.
- **Inclusion Criteria:** Documented history of investment returns, consistency in performance, and evidence of successful long-term strategies.
- **Exclusion Criteria:** Lack of historical performance data, inconsistent results, or evidence of frequent strategy changes.
- **Interview Example:**
  - "It's a different narrative, but if we had taken that route, we could have relied on our track record, making funding much easier, though it would have been less independent. Naturally, our experience in the field is also crucial."
- **Corporate Example:**
  - "We have an exceptional track record in providing debt, quasi-equity and equity financing to 122 financial institutions across 50 countries. We also finance sustainability-focused producer cooperatives and agri-SMEs through trade finance, working capital and long-term financing products. With a strong investment track record diversified across 19 countries and 14 different crops, the agri-finance portfolio is currently providing more than USD 66M in financing to smallholder farmers [...]" - (Incofin (Investment Management NV), Operating Principles for Impact Management, p. 9, 2022)

Code Name: *Transparency*

- **Definition:** The quality of being open, clear, and accessible in communication and decision-making between the fund manager and their stakeholders.
- **Inclusion Criteria:** Full disclosure of relevant information and decision-making processes.
- **Exclusion Criteria:** Concealment or obfuscation of important information.
- **Interview Example:**
  - "We practice nearly complete transparency. Although we don't share the investment memorandum, we do share all our due diligence findings, both good and bad, with only one or two exceptions."
- **Corporate Example:**
  - "Because we highly value transparency in the market, we also disclose our yearly ESG and impact data on the IRIS+ Directory15, allowing us to benchmark our performance against our peers and contribute to industry research." - (Incofin (Investment Management NV), Operating Principles for Impact Management, p. 11, 2022)

Code Name: *Trust*

- **Definition:** A firm belief in the reliability, truth, or ability of the fund manager.
- **Inclusion Criteria:** Established and sustained confidence in relationships or systems.
- **Exclusion Criteria:** Distrust or skepticism that undermines relationships or cooperation.
- **Interview Example:**
  - "For me, it's straightforward—it's all about trust. If the people you work with have different agendas, trust will eventually break down."
- **Corporate Example:**
  - "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." - (Bamboo Capital Partners, Operating Principles for Impact Management, p. 7, 2023)

Code Name: *Trust-Based Communication*

- **Definition:** Communication that is founded on mutual trust and openness between stakeholders, initiated by the fund manager.
- **Inclusion Criteria:** Transparent and honest exchanges that foster trust.
- **Exclusion Criteria:** Communication that is deceptive, manipulative, or lacks transparency.
- **Interview Example:**
  - "What you've done in the past matters, but it's crucial that your communication with fund investors and ventures is strong, regardless of past actions. If your values aren't aligned or communication isn't sufficient, it can cause issues. For instance, we observe whether they respond to our questions and due diligence thoroughly and promptly, and whether they are truthful. This long diligence process helps us determine if there's genuine openness and trust between us."
- **Corporate Example:**

  - "We conduct our business by good ethical principles and follow the industry best practices, as well as, the principles agreed with our investors. We believe in 100% transparent communications with our investors." - (Anterra Capital BV, Impact Commitments, p. 7, 2020)

Code Name: *Type*

- **Definition:** The legal nature and qualitative constitution of the shareholders of IICs.
- **Inclusion Criteria:** Classification based on distinct and recognizable characteristics of investors.
- **Exclusion Criteria:** Non-distinct or ambiguous categories that do not fit a clear type of investor.
- **Interview Example:**
  - "It depends on who you're speaking with and the context. High net worth individuals often have separate buckets for philanthropy, impact investing, and profit-driven investments. In philanthropy, the focus is purely on impact, often with no expectation of financial returns. When institutional investors invest in our funds, the timelines for their investment can be quite extended."
- **Corporate Example:**
  - "In 2020, KOIS helped the Crop Trust to redesign the original bond concept to better align incentives between public and private investors and ensure its success. Initial conversations with institutional investors suggest a strong appetite for such an SDG-aligned instrument, if sufficient security is provided by public investors." - (KOIS, Impact Report, p. 32, 2020)

Code Name: *Upward Management*

- **Definition:** The process of managing the interest of the IIC and their IIF in relationship with investors or higher-level management of the IIF.
- **Inclusion Criteria:** Strategies and actions aimed at influencing and effectively communicating with higher-ups (investors).
- **Exclusion Criteria:** Peer-to-peer or downward management efforts.
- **Interview Example:**
  - "Shareholder X sees higher risk as more concerning than Y, so they have a different perspective. This makes stakeholder engagement with both shareholders and other stakeholders crucial to maintaining their support, because if we only listen to one side, the other could cause significant issues. We've already begun educating our investors not to expect exorbitant returns."
- **Corporate Example:**
  - "We adhere to good corporate governance principles and applicable corporate laws and regulations. We set ourselves high standards to implement these for the NLC group and for our ventures (taking into account that these ventures are early-stage startups). Every month, we organize update calls for our shareholders, during which we provide them with updates on the state of the business and the opportunity to ask questions. Comprehensive quarterly management reports ensure transparency and engagement with our shareholders." - (NLC Ventures Netherlands BV, Impact Report, p. 25, 2023)

Code Name: *Value Alignment*

- **Definition:** The intent of the fund manager to achieve a certain degree to which their stakeholders' values align with their values, actions and decisions.
- **Inclusion Criteria:** Consistency between stated values and actual practices between the fund manager and stakeholders.
- **Exclusion Criteria:** Actions that contradict or undermine stated values.
- **Interview Example:**
  - "You and I might believe our interests are opposed, but in the past, I would have worked hard to ensure we understood each other's interests, and from there, developed mutual care and consideration."
- **Corporate Example:**
  - "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." - (Amethis Investment Fund Manager SA, Operating Principles for Impact Management, p. 4, 2023)

Code Name: *Value Creation*

- **Definition:** The ability to generate meaningful and sustainable value through made impact investments.
- **Inclusion Criteria:** Activities that result in long-term benefits for stakeholders.
- **Exclusion Criteria:** Short-term gains that do not contribute to lasting value.
- **Interview Example:**
  - "By broadening our focus, we were able to create enough value without sacrificing social impact."
- **Corporate Example:**
  - "ESG risk screening of all investments to a more ambitious target of "doing good" and value creation for the shareholders, investees, end-clients, society and environment [...]" - (Incofin (Investment Management NV), Operating, Principles for Impact Management, p. 7, 2022)

Code Name: *Value Plurality*

- **Definition:** The recognition and acceptance of a diversity of values and ethical perspectives within and between stakeholders of impact investing.
- **Inclusion Criteria:** Openness to different moral frameworks and the coexistence of multiple value systems.
- **Exclusion Criteria:** Rigid adherence to a single value system without consideration of others.
- **Interview Example:**
  - "There are many opinions, beliefs, and values between me and my stakeholders, but I've realized that it's not essential for us to be 100% aligned on everything. In fact, trying to achieve complete alignment can sometimes be distracting and require more effort than necessary to make a deal successful."
- **Corporate Example:**
  - "These first-time CEOs contribute a diverse and innovative perspective, challenging the status quo with strong motivation to prove themselves." - (NLC Ventures Netherlands BV, Impact Report, p. 9, 2023)

Code Name: *Value Proposition*

- **Definition:** A statement that summarizes why the beneficiaries should expect from the products or services of SEs into which the IIF has invested into.
- **Inclusion Criteria:** Clear articulation of the unique benefits and value offered to customers (beneficiaries).
- **Exclusion Criteria:** Vague or generic statements that do not clearly differentiate the offering.
- **Interview Example:**
  - "The first step is to engage with the founder, understand their business and stakeholders, and determine if the company's value proposition truly addresses these stakeholders' needs. This is key to building a successful business."
- **Corporate Example:**
  - "As such, impact on human health should be part of a business' value proposition and impact goals should be central to strategy formulation and the selection of performance indicators." - (Thuja Capital Management BV, Impact and ESG Policy, p. 3, 2023)

Code Name: *Work Ethics*

- **Definition:** The moral principles that guide the fund manager's or their organization's work behavior and practices.
- **Inclusion Criteria:** Integrity, diligence, responsibility, and dedication in the workplace.
- **Exclusion Criteria:** Laziness, dishonesty, or unethical behavior in a work setting.
- **Interview Example:**
  - "Adhering to high ethical standards in the profession is essential. We consistently strive to follow the strict ethical guidelines of the investment profession, guided by our policy framework and comprehensive sustainability charter."
- **Corporate Example:**
  - "We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior." - (Incofin (Investment Management NV), Operating Principles for Impact Management, p. 18, 2022)

E.2. Conceptual Abstraction

Table E.1: This table depicts the conceptual abstraction as the result of the qualitative coding approach. Thus, it lists the **Aggregate Dimension**, their **Categories** and their relevance to certain **Sub-Questions (SQs)**, as well as their respective **Codes**. Mind that this list includes the **Moral Virtues** of 'Leadership', 'Empathy', 'Integrity', and 'Self-regulation' as well as the **Epistemic Virtues** 'Practical wisdom' and 'Wisdom', which do not constitute codes, but helpful additions to the categories.

Aggregate Dimension	SQs	Category	Code
Collaboration and Networks	**2,3**	*Macro-Level*	Societal Consensus
			Ecosystems
	"	*Meso-Level*	Inter-organizational Collaboration
			Inter-organizational Networks
	"	*Micro-Level*	Teamwork (Inter)
			Teamwork (Intra)
	"	*Stakeholders*	Internal Stakeholders
			External Stakeholders
Dichotomy of Institutional Logics	**2,3**	*Values*	Social Values
			Financial Values
	"	*Rules*	Social Rules
			Financial Rules
	"	*Norms*	Social Norms
			Financial Norms
	"	*Strategies*	Social Strategies
			Financial Strategies
Mission	**2,3**	*Goals*	Long-termism
			Financial Impact
			Social Impact
	"	*Positive Outcomes*	Value Creation
			Ethical Practice
	5,7	*Detrimental Outcomes*	Impact Washing
			Mission Drift
	2,3	*Intentions*	Value Alignment
			Satisfying Stakeholder Expectations
			Legitimacy
Roles and Responsibilities	**2,3**	*Management*	Upward Management
			Internal Management
			Downwards Management
	"	*Role of Fund Managers*	Stewardship
			Service
			Mentorship
			Leadership (M. Virtue)
	"	*Negotiation*	Attraction
			Incentivization
	"	*Diligence*	Dynamic Adaptation to Stakeholders
			Dynamic Adaptation to Situations
			Good Investments
			Effective and Efficient Decision-Making
			Accountability
			Authenticity
	"	*Enabling*	Mitigation
			Growth
			Networking
	"	*Self-awareness*	Self-interest
			Bias Awareness
Cultural and Power Dynamics	**2,3**	*Characters of Ecosystems*	Grouping
			Cultural Barriers

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Aggregate Dimension	SQs	Category	Code
	"	*Hierarchy*	Intra-Level Power Gradients
			Inter-Level Power Gradients
Organizational Structure and Resource Management	**2,3**	*Investors*	Type
			Profit Scale
			Time Scale
	"	*IICs and IIFs*	Profit Approach
			Pressure
			Market
			Size
			Geographical reach
	"	*Investees*	Autonomy
			Stage
			Value Proposition
	"	*Regulation*	Legal Sphere
			Compliance
			Disclosure
	"	*Resources*	Personnel
			Capital
			Time
			Knowledge
Professional and Personal Influence	**2,3**	*Plurality*	Value Plurality
			Stakeholder Plurality
	2,3,4,5	*Culture*	Cultural Influence
			Faith
			Receptivity for virtue
	"	*Experience*	Cross-sector Biographies
			Track Record
			Practical Wisdom (E. Virtue)
	4,5,7	*Education*	Professionalism
			Character
			Socialization
Stakeholder Management (Relations and Engagement)	**2,3**	*Soft Skills*	Trust-Based Communication
			Goal Alignment
			Analytical Skills
			Reason
			Emotional Intelligence
			Work Ethics
	"	*Hard Skills*	Financial Analysis
			Cultural Literacy
	4,5,7	*Hands-On Activities*	Stakeholder Inclusion
			Motivating
			Deliberation
			Impact Reporting
			Consultation
	"	*Skill Building*	Imitation
			Aspiration
			Principles
	2,3,4,5,7	*Qualities of Coexistence*	Active Engagement
			Inclusivity
			Trust
			Empathy (M. Virtue)
			Integrity (M. Virtue)
			Transparency
			Appreciation

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Aggregate Dimension	SQs	Category	Code
Normative Considerations	**4,5**	*Character Traits*	Moral Virtues
			Epistemic Virtues
	4,5,7	*Moral Factors*	Moral Conflicts
			Fiduciary Duties
			Holistic Thinking
			Agent of Change
	"	*Fostering Ethical Practice*	Education of Virtue
			Habituation of Virtue
			Awareness for Character
Decision-Making	**4,5,7**	*Prerequisites*	Capacity
			Capability
			Objectivity
			Self-regulation (M. Virtue)
			Wisdom (E. Virtue)
	"	*Factors*	Relational Practices
			Demand and Supply
Epistemic Management	**4,5,7**	*Uncertainty Management*	Decisions Under Uncertainty
			Information Asymmetry
			Implications of Not-Knowing
	"	*Risk Management*	Risk Mitigation
			Risk Evaluation
			Risk Prevention
	"	*Knowledge Management*	Knowledge Accumulation
			Knowledge Processing
			Knowledge Distribution

F

Set of Propositions

F.1. The why?

The ethical framework for stakeholder management in impact investing is essential because it ensures that the dual objectives of financial returns and social impact are achieved responsibly and sustainably. Fund managers, as key intermediaries, must navigate complex relationships with a diverse array of stakeholders, each with unique interests and expectations. By adhering to a virtue-based ethical framework, fund managers can build trust, foster collaboration, and ensure the long-term success and credibility of impact investing as a strategy that aligns with both financial and moral imperatives.

F.2. The when?

These guidelines should be applied throughout the entire lifecycle of an impact investment, from the initial engagement with stakeholders to the final evaluation of investment outcomes. Specifically, these guidelines are most crucial during key decision-making moments post-investment, such as the ongoing management and support of social enterprises and the communication of results to investors and other stakeholders. Whenever a fund manager faces a moral dilemma or competing institutional logics, these guidelines should serve as a compass for ethical decision-making.

F.3. The how?

But how can one be virtuous in their practice? Suitable propositions for ethical stakeholder management are presented in the following subsections.

F.3.1. Be upright!

Maintain Integrity: Always act with honesty and transparency in all dealings with stakeholders. Ensure that all decisions are made with the highest ethical standards, and that they reflect the core values of the impact investing firm.

- **Example**: *"After discovering that a social enterprise has diverted some of its funding to a non-approved project, the fund manager immediately informs the investors and works with the enterprise to redirect efforts back to the original goals."*

Adhere to Ethical Principles: Commit to the principles of virtue ethics, prioritizing the 'mean' between extremes, such as balancing profit with social impact. Uphold your fiduciary duties to both investors and the social enterprises in which you invest.

- **Example**: *"When an investor pressures the fund manager to push the social enterprise for quicker financial returns at the expense of the intended social impact, the manager refuses and insists on maintaining the original impact goals."*

Commit to Transparency: Ensure that all financial reporting and impact metrics are communicated clearly and honestly to stakeholders. Avoid any practices that could be perceived as misleading or manipulative.

- **Example**: *"The fund manager holds a meeting with both investors and the social enterprise to transparently discuss unexpected delays in impact outcomes, providing a realistic timeline and next steps to address the challenges."*

Uphold Accountability: Take responsibility for both successes and failures in investment outcomes. Be prepared to explain decisions and learn from mistakes, maintaining accountability to all stakeholders.

- **Example**: *"After a project funded by the investment encounters difficulties, the fund manager takes responsibility by working closely with the enterprise to revise the strategy, and communicates the adjusted plan to the investors."*

Champion Ethical Standards: Advocate for the highest ethical standards within your organization and the broader impact investing community. Lead by example in promoting policies and practices that prevent impact washing and uphold the integrity of the field.

- **Example**: *"During a quarterly review, the fund manager notices discrepancies in the impact reporting provided by a social enterprise. Instead of ignoring it, the manager demands a transparent correction and helps the enterprise implement better reporting practices."*

Maintain Fairness: Ensure that all dealings are fair and just, particularly in negotiations and agreements with stakeholders. Avoid favoritism and ensure that all parties are treated with equity and respect.

- **Example**: *"The fund manager facilitates discussions between the social enterprise and investors to ensure fair distribution of any additional funds raised, ensuring the enterprise can continue to achieve its impact goals without undue pressure from investors."*

Promote Ethical Investment Criteria: Advocate for and adhere to ethical criteria in investment decisions, prioritizing investments that align with social and environmental values. Reject opportunities that compromise ethical standards, even if they promise high returns.

- **Example**: *"During a post-investment phase, the fund manager realizes that the social enterprise is considering a strategy that would compromise its ethical standards for profit. The manager advises against it and suggests alternative paths that align with the firm's impact criteria."*

Demonstrate Consistency: Be consistent in your ethical principles and actions. Ensure that your decisions and behaviors are aligned with your stated values, reinforcing trust and credibility with stakeholders.

- **Example**: *"In follow-up meetings, the fund manager consistently applies the same ethical considerations that were used during the initial investment decision, ensuring ongoing alignment with the firm's values."*

F.3.2. Be aware!

Understand Stakeholder Needs: Be constantly aware of the diverse needs and expectations of all stakeholders, including investors, social enterprises, beneficiaries, and regulatory bodies. Engage in active listening and seek to understand the broader context in which you operate.

- **Example**: *"After the investment, the fund manager stays in close contact with the social enterprise to understand any new challenges they face and adjusts support accordingly, ensuring the enterprise remains on track to meet its impact goals."*

Stay Informed: Keep up-to-date with the latest developments in impact investing, regulatory changes, and best practices. Awareness of the external environment, including economic, social, and technological trends, is critical for making informed decisions.

- **Example**: *"The fund manager keeps up with emerging regulations that might affect the social enterprise and proactively advises them on compliance, preventing any legal setbacks that could derail the project."*

Monitor Stakeholder Dynamics: Continuously assess the evolving relationships between stakeholders, and be prepared to adjust strategies as needed to address any emerging conflicts or misalignments of interests.

- **Example**: *"During the active investment phase, the fund manager detects growing dissatisfaction among the social enterprise's board members. They step in to facilitate a discussion to realign the enterprise's strategy with stakeholder expectations."*

Recognize Power Dynamics: Be aware of the power imbalances that may exist between different stakeholders, particularly between investors and social enterprises. Strive to ensure that all parties have an equitable voice in decision-making processes.

- **Example**: *"Noticing that the social enterprise feels pressured by investor demands, the fund manager arranges a meeting to balance expectations and protect the enterprise from making unsustainable commitments."*

Anticipate Challenges: Develop foresight by anticipating potential ethical dilemmas and challenges before they arise. Prepare contingency plans that align with the ethical principles guiding your impact investments.

- **Example**: *"The fund manager foresees potential market shifts that could impact the social enterprise's performance. They work with the enterprise to diversify its strategy and mitigate risks before these challenges materialize."*

Understand Cultural Contexts: Be mindful of the cultural contexts in which your investments operate. Respect and adapt to local customs and values, ensuring that your actions are culturally sensitive and appropriate.

- **Example**: *"After investing in an enterprise working in a different cultural context, the fund manager makes frequent visits and engages with local stakeholders to better understand and respect the local practices, ensuring the enterprise's initiatives are culturally appropriate."*

Stay Attuned to Market Trends: Continuously monitor market trends and shifts in the impact investing landscape. Being aware of these trends allows you to anticipate changes and adjust your strategies accordingly.

- **Example**: *"Observing that the market for the social enterprise's product is evolving, the fund manager advises on how to pivot slightly to stay relevant, ensuring that the enterprise continues to achieve both financial success and social impact."*

Engage in Continuous Learning: Commit to ongoing education in ethics, impact investing, and stakeholder management. Regularly participate in training, workshops, and discussions to deepen your knowledge and stay informed about best practices.

- **Example**: *"The fund manager regularly meets with industry experts to discuss ongoing challenges in impact investing, applying new insights to improve the management of active investments."*

F.3.3. Be kind!

Empathy in Action: Show compassion and empathy towards all stakeholders, recognizing their unique challenges and aspirations. This includes supporting social enterprises beyond financial capital by offering mentorship, guidance, and resources that contribute to their success.

- **Example**: *"The social enterprise reports difficulties in meeting its impact targets due to unforeseen challenges. The fund manager responds by extending the timeline for expected outcomes and providing additional resources to help the enterprise get back on track."*

Promote Inclusivity: Foster an inclusive approach to stakeholder management, ensuring that all voices are heard and respected. Promote diversity within your team and among the social enterprises you support.

- **Example**: *"After the investment, the fund manager encourages the social enterprise to involve community stakeholders in decision-making processes, ensuring that the project remains inclusive and aligned with local needs."*

Support Long-Term Relationships: Build and nurture long-term, trust-based relationships with all stakeholders. Recognize that impact investing is not just about financial transactions but about creating enduring positive relationships that contribute to societal well-being.

- **Example**: *"Instead of focusing solely on short-term outcomes, the fund manager establishes a long-term support system with the social enterprise, providing ongoing advice and resources to ensure sustained impact."*

Encourage Mutual Respect: Foster a culture of mutual respect among all stakeholders, ensuring that every interaction reflects the values of kindness and consideration. This includes respecting the autonomy and decisions of social enterprises and their beneficiaries.

- **Example**: *"In a situation where there is a disagreement between the investors and the social enterprise about project direction, the fund manager mediates to ensure that both parties respect each other's viewpoints, leading to a constructive resolution."*

Advocate for Social Justice: Use your position to advocate for social justice and equity, both within your investments and in the broader impact investing ecosystem. Ensure that your investments contribute to the reduction of inequality and the promotion of human dignity.

- **Example**: *"Seeing that the social enterprise has the potential to address a significant social issue, the fund manager works to secure additional resources from investors to expand the enterprise's reach, even if it means adjusting profit expectations."*

Foster a Supportive Environment: Create a work environment that is supportive and nurturing for your team and stakeholders. Encourage open communication, provide constructive feedback, and support personal and professional development.

- **Example**: *"The fund manager recognizes that the social enterprise team is under stress and arranges for additional support, such as mentoring or temporary staff, to alleviate pressure and help them focus on achieving their impact goals."*

Show Gratitude: Regularly express gratitude to your stakeholders, including your team, investors, and social enterprises. Acknowledging their contributions fosters goodwill and strengthens relationships.

- **Example**: *"After a successful impact milestone, the fund manager sends personalized thank-you notes to the social enterprise team, recognizing their hard work and dedication to achieving the project's goals."*

Practice Patience: Recognize that achieving social impact often requires time. Be patient with stakeholders, particularly social enterprises, as they work towards their goals. Support them through challenges rather than pressuring them for immediate results.

- **Example**: *"When the social enterprise struggles to meet projected impact targets due to external factors, the fund manager reassures both the enterprise and the investors, advocating for patience and continued support as the enterprise adjusts its strategy."*

F.3.4. Be smart!

Practical Wisdom (Prudence) in Decision-Making: Apply wisdom and careful judgment in all investment decisions. This includes conducting thorough due diligence, assessing risks holistically, and considering the long-term implications of your actions.

- **Example**: *"After the initial investment, the fund manager carefully assesses ongoing project reports to decide whether to release additional funding, ensuring that both the social and financial goals are being met prudently."*

Innovate Responsibly: Embrace innovation in impact investing but do so responsibly. Use new technologies and approaches to enhance social impact, while carefully managing potential risks and ethical concerns.

- **Example**: *"The social enterprise proposes adopting a new technology to scale its impact. The fund manager supports this innovation but ensures a phased implementation to mitigate risks and monitor effectiveness."*

Optimize Resource Allocation: Allocate resources wisely to maximize both financial returns and social impact. This includes being strategic about where to deploy capital and how to leverage additional resources, such as knowledge and networks, to amplify impact.

- **Example**: *"During the active investment phase, the fund manager reallocates resources to a part of the project that is showing the most promise, ensuring that the enterprise's impact is maximized efficiently."*

Evaluate Impact Rigorously: Implement rigorous impact measurement and evaluation methods to ensure that investments are delivering the intended outcomes. Use these insights to refine strategies and enhance the effectiveness of future investments.

- **Example**: *"The fund manager conducts a thorough evaluation of the enterprise's impact after one year, using the insights to adjust the investment strategy and improve future outcomes."*

Balance Risk and Opportunity: Develop a nuanced understanding of risk and opportunity, recognizing that both financial and social returns involve trade-offs. Use this understanding to make balanced, informed decisions that align with the long-term goals of your impact investing strategy.

- **Example**: *"Faced with an opportunity to expand the social enterprise into a new market, the fund manager carefully balances the potential social impact against the financial risks, making a decision that aligns with the long-term goals of the investment."*

Leverage Data for Decision-Making: Use data-driven insights to inform your decisions. Collect and analyze data related to both financial performance and social impact to make informed and strategic choices.

- **Example**: *"The fund manager uses data from the social enterprise's performance to identify areas for improvement, helping the enterprise to refine its strategies and enhance its impact."*

Enhance Risk Management: Develop comprehensive risk management strategies that address both financial risks and risks to social impact. Regularly review and update these strategies to ensure they remain effective.

- **Example**: *"Observing early signs of market volatility, the fund manager works with the social enterprise to develop contingency plans that protect both the financial investment and the social mission."*

Foster Innovation: Encourage and embrace innovation within your investments. Support social enterprises in developing new solutions to social and environmental challenges, while ensuring that these innovations are ethically sound.

- **Example**: *"The social enterprise comes up with a new approach to achieve its impact goals. The fund manager provides the necessary support and resources to test this approach, while closely monitoring the results to ensure it aligns with ethical standards."*

F.3.5. Be you!

Authentic Leadership: Lead with authenticity and personal integrity. Bring your unique strengths, values, and experiences to your role as a fund manager, and encourage others to do the same.

- **Example**: *"After the investment, the fund manager continues to engage with the social enterprise in a way that reflects their personal commitment to social impact, inspiring the enterprise's leadership to stay focused on their mission."*

Reflect on Personal Virtues: Regularly reflect on your own moral and epistemic virtues, striving for continuous personal growth and alignment with the ethical standards you promote. Embrace your role not just as a manager, but as a moral agent in the impact investing ecosystem.

- **Example**: *"Following a challenging quarter, the fund manager takes time to reflect on how their decisions aligned with their personal values, and uses these reflections to guide future interactions with the social enterprise."*

Cultivate Personal Resilience: Strengthen your personal resilience to navigate the challenges of impact investing. This includes maintaining a healthy work-life balance and seeking continuous personal development.

- **Example**: *"After the social enterprise faces an unexpected setback, the fund manager remains resilient and continues to support the enterprise, drawing on their personal strengths to provide steady guidance through the crisis."*

Align Personal and Professional Values: Ensure that your personal values align with your professional actions. Reflect on how your individual beliefs and ethics influence your decision-making and leadership style.

- **Example**: *"The fund manager's personal commitment to environmental sustainability leads them to support the social enterprise in adopting more sustainable practices, even when it requires additional resources."*

Inspire Others Through Authenticity: Use your authenticity to inspire and motivate others in your organization and the broader impact investing community. Share your journey, including both successes and challenges, to encourage others to embrace their true selves in their professional roles.

- **Example**: *"The fund manager shares their personal journey and values with the social enterprise's team, encouraging them to bring their own passion and authenticity to their work, which strengthens their commitment to the project."*

Reflect on Personal Impact: Regularly assess how your actions as a fund manager impact others. Consider how your decisions affect not only financial outcomes but also the lives of the people and communities involved.

- **Example**: *"After a successful impact project, the fund manager reflects on how their personal involvement contributed to the outcome, reinforcing their commitment to ethical investing practices."*

Embrace Vulnerability: Don't be afraid to show vulnerability and admit when you don't have all the answers. Authentic leadership includes acknowledging limitations and seeking input and collaboration from others.

- **Example**: *"During a tough period for the social enterprise, the fund manager admits that the path forward is uncertain but commits to working together to find solutions, which strengthens the relationship and builds trust."*

Cultivate a Personal Mission: Define and stay true to your personal mission as a fund manager. Align this mission with the broader goals of impact investing, ensuring that your work is both personally fulfilling and socially meaningful.

- **Example**: *"The fund manager remains dedicated to their personal mission of supporting enterprises that drive social change, and this dedication guides every decision and interaction during the post-investment phase."*