

Impact Framework

1. Purpose of the Impact Framework

The National Wealth Fund's Impact Framework sets out a credible and transparent approach to measuring, evaluating, and communicating the impact of its investments. In developing this framework, we have been guided by our mandate as laid out in our Statement of Strategic Priorities¹ and the NWF Strategic Plan published in January 2026². Our mission is to invest in capital-intensive infrastructure, supply chains and businesses across the UK, driving more than £100 billion of finance to unlock long-term economic growth and accelerate the transition to clean energy.

This framework builds on the approach developed for the UK Infrastructure Bank and is designed to be appropriate and proportionate for the Fund, recognising the expansion of the NWF's remit and the relative maturity of our portfolio of investments.

Development of the framework was also guided by a set of core principles around being: **(1) credible and transparent; (2) evidenced-based and consistent; (3) proportionate; and (4) focused on learning and feedback.**

The Framework will enable internal learning and feedback loops, whilst also fulfilling our obligations to our key stakeholders: our shareholder, His Majesty's Treasury (HMT), Parliament, the public, and other stakeholders across the country. It will allow us to measure, evaluate and communicate our impact across all our private deals and local authority lending and advisory, for individual investments as well as across the portfolio. This framework has been developed for an organisation that is continuing to evolve in response to our new mandate from government, is designed to be both enduring and flexible and to create the right incentives for risk taking and learning and to ensure that a rigorous approach to impact and evidence is embedded in the working practices and investment decisions we make.

How we use the framework

Growth and net zero are at the heart of both our impact and ESRG frameworks. We assess each potential investment opportunity against a standard set of metrics linked to our core missions, and measure both total project impacts and the proportion attributable to our investment. Our frameworks and guidance support a consistent approach to the impact and additionality we seek for each investment we make. We assess every deal to identify whether it credibly demonstrates

¹ [National Wealth Fund, Statement of Strategic Priorities \(HMT, March 2025\)](#)

² [Unlocking the Nation's Future - Our Five Year Strategic Plan \(NWF, January 2026\)](#)

impact and additionality. To do that, we ask questions tailored to the specific characteristics of the project and the context at the time. We are transparent on the expected impact and additionality of deals, sharing summary assessments via published deal factsheets on our website.

Our frameworks recognise that impact occurs before, during and after our involvement:

- Before – in assessing each deal against clear criteria and only proceeding if we are confident we can meet our triple bottom line.
- During – working with businesses we have invested in to realise the potential impacts – for instance securing further investment or maximising wider place and location impacts.
- After – lasting legacy of NWF involvement at both a sector and individual business level.

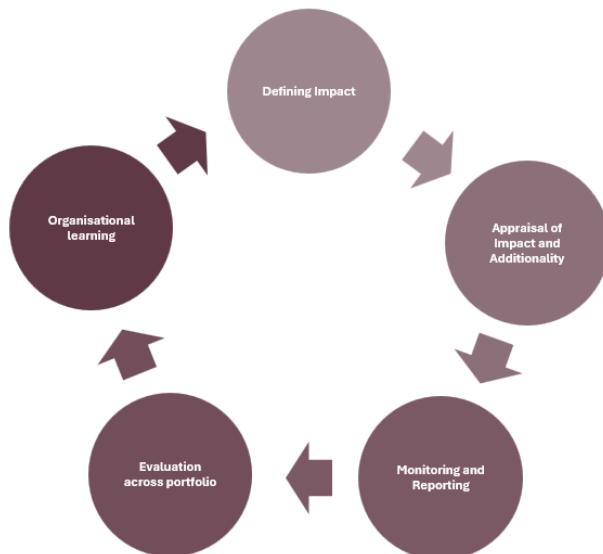
Our approach to assessing impact comprises:

- Our impact and ESRG frameworks, published on our website.
- How we assess impact in investment decision making.
- Our approach to monitoring our portfolio of investments and the wider economic and environmental impacts generated by our involvement.

In this revised version of our Impact Framework, we have updated our approach to assessing additionality and private finance mobilised to reflect the change in strategic priorities and our new Plan.

The framework is divided into three sections: (1) our approach to impact, including principles and pathways to impact; (2) how we plan to measure and track progress against our intended impact – our proposed metrics; (3) how we will monitor and evaluate our impact, and ensure continuous learning. The latter two are captured in Figure 1 below.

Figure 1: Why the framework matters



2. Understanding our impact

Impact Pathways

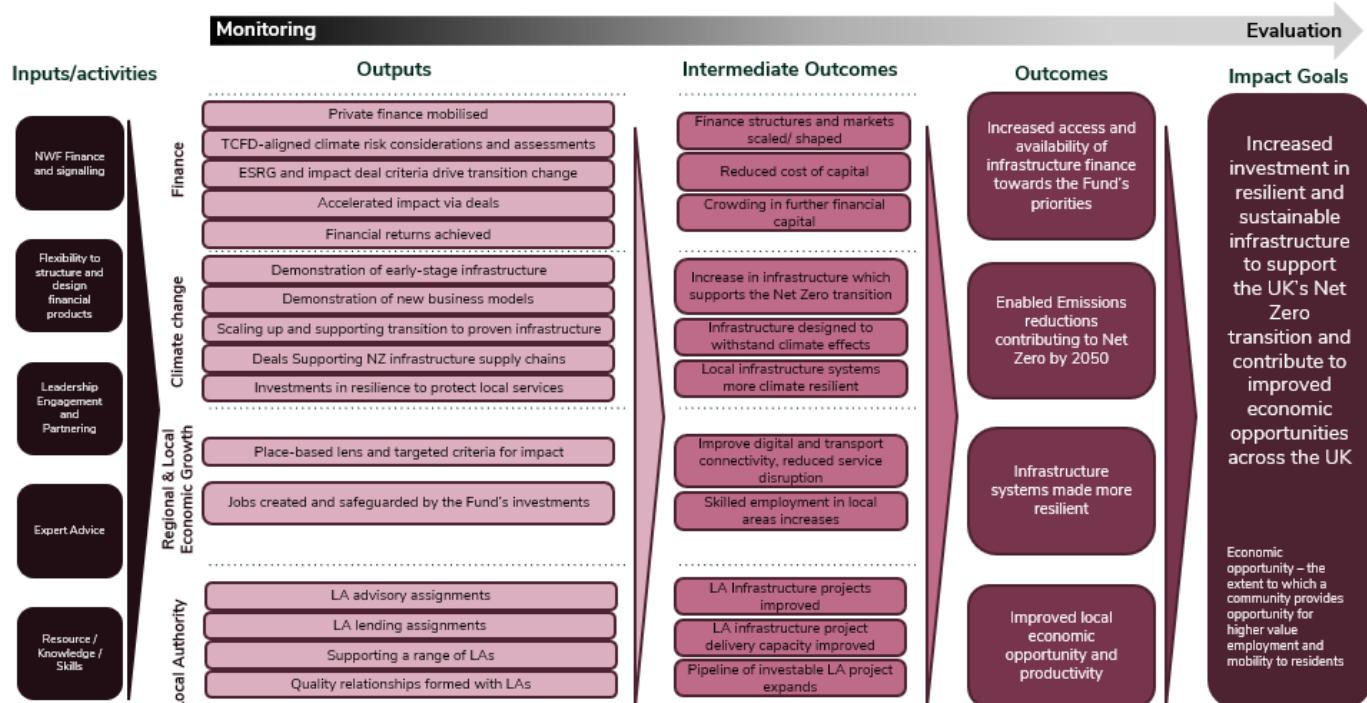
The Fund's mission will benefit people, places and businesses across the UK, and ensure we achieve positive returns for the taxpayer in the long run. Our theory of change shows how our inputs and interventions can deliver the additional investment needed to deliver against our net zero and growth missions. They help define our overall impact, outcomes and explain the path to achieving this impact through our activities and financing. We also support sectors to develop, targeting market weaknesses to catalyse private investment and unlocking investments that otherwise would not have gone ahead.

The pathways have been tested against published evidence on what works to achieve the outcomes that we consider most important. They articulate how we can deliver impact at the deal and portfolio level and build consistency in how we think about the long-term change needed to achieve our strategic objectives.

The pathways show how, through a combination of the Fund's available inputs, we can deliver outputs attributable to our activity which in turn contribute to longer-term outcomes that support the Fund's strategic objectives. Investments will often contribute to multiple outcomes stemming from other pathways, they are not just linear through to a single outcome.

We are now updating our theory of change and pathways in line with the new Strategic Plan and revised mandate. We will publish a revised version of this framework and pathways in 2026.

Figure 2: Impact Pathways



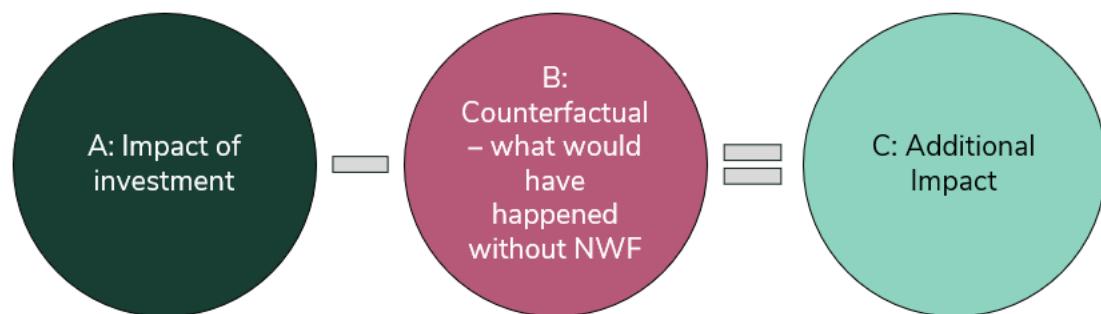
Additionality assessment

Additionality is a central guiding principle across public sector and development finance institutions. The HMT Green Book³ defines additionality as 'a real increase in social value that would not have occurred in the absence of the intervention being appraised'. At its core, assessing additionality ensures public interventions are driving outcomes that would not have happened otherwise.

We use our investments and activity to address market weaknesses and crowd in private finance, supporting key sectors to develop, and accelerating projects which align with local, devolved and national government priorities. Our offer is additional to the market, delivering financial and non-financial value that would not otherwise be achieved.

Impact and Additionality are distinct, but related concepts. Our Impact Assessments aim to measure the overall impact of projects (A below). Through our additionality assessment, we aim to establish what the most likely outcome would be if the Fund did not invest (B) and thus the likely additional impact of our investment (C).

Figure 2: Impact and Additionality



NWF considers itself additional when its activities drive impacts that would not have occurred without the Fund's involvement. In line with other national investment banks and Multilateral Development Banks (MDBs), NWF considers its value add through both:

- **Financial additionality** – the Fund provides capital that **could not be sourced from private markets**, either at all or at the appropriate quantum, on suitable terms, and/ or in the required timeframes. When assessing financial additionality, we look at both:
 - **Project-level:** How the Fund is enabling the project to secure the financing it needs, and;
 - **Sector-level:** The wider investment barriers/ market weaknesses in the sector over time, and any resulting financing constraints which would prevent government's sectoral policy goals from being achieved.
- **Non-financial additionality** – the Fund's involvement results in improved outcomes, particularly in relation to the delivery of its strategic objectives, than would occur otherwise.

³ HMT Green Book (2022) - [The Green Book \(2022\) - GOV.UK](https://www.gov.uk/government/publications/green-book-2022)

Non-financial additionality is only considered at the project level, with wider sector/market impact featuring in our impact assessment.

Across all our projects, we require evidence of additionality at the project-level, whether financial or non-financial. When purely looking at non-financial additionality, we ensure there are evidenced sector-level financing gaps. This approach helps ensure that the Fund's activities will always drive improved impact against its objectives, either within the project itself or at a sector/market level.

Assessing additionality is not a precise science, but rather an exercise in judgement. This judgement, however, should be evidence-based. When assessing additionality, we consider both project-specific evidence and contextual evidence from the sector/ market. Both can demonstrate a need for NWF intervention to maximise value for the UK economy, particularly in sectors where market capacity is expected to be tested in pursuit of NWF and wider government objectives. Our approach requires us to:

- **Be clear about our intended overall impact** – We need to understand the overall benefits of an investment, how the investment contributes to the Fund's objectives, and how NWF's involvement delivers something that would not have been achieved by the market alone.
- **Understand relevant market weaknesses and structural barriers and the role that NWF can play in addressing them** – Our Statement of Intent identifies addressing market weaknesses as a route to catalysing private finance, along with taking the role of lead investor in underdeveloped markets. This will enable the market to deliver outcomes that would not otherwise be achieved, whether at a project or sector level.
- **Test the counterfactual (i.e., what would have occurred without the intervention)** – We can be additional even when a project would have gone ahead without NWF. NWF's finance may accelerate or increase the scale of a project, demonstrating financial additionality. Similarly, NWF's finance may come with conditions that increase impact in the UK or improve the ESRG performance of a project, demonstrating non-financial additionality.
- **Think contextually** – When considering additionality, we will typically look at contextual information such as the current macroeconomic, sector or market environment. For some projects, project-specific evidence may be difficult to obtain, and so our additionality assessment may lean heavily on our understanding of the market conditions and availability of capital relative to the investment need required to deliver government objectives. This ensures we place a proportionate evidentiary burden on projects.

NWF's additionality assessment follows this dual-track approach to additionality. We assess additionality across every transaction through the investment process, resulting in an additionality rating for each project.

As well as assessing additionality ex-ante (at the point of agreeing to provide finance), NWF will also seek to validate our additionality ex-post through our evaluation programme. This will also support our future ex-ante additionality assessments by improving our evidence base and verifying our investment narratives.

3. Assessing and tracking progress: Metrics

We have six core project metrics that we collect and will track consistently across our investments. Our metrics were initially established in the UKIB Impact Framework with input from government departments, peer organisations and external experts based on their measurability, proportionality, and relevance. Since then, we have refined and adapted these metrics to better measure the impact of projects against our mission. On a deal-by-deal basis, we supplement these with additional relevant metrics based on sector-specific Impact Pathways. We have deployed these metrics consistently throughout our deal assessment process, and in post investment monitoring and assessment.

We do not expect to capture every metric for every deal, nor do we report on all of these metrics. Our metrics are designed to be applied flexibly across the portfolio, measuring what we care about and what is most relevant. They empower the Fund to capture the information we collect from investments in a systematic and effective way, so we can be transparent about our impact potential and track and communicate the progress we are making. We have included metrics that are more contextual in nature and will serve as 'leading indicators' as well as those that would be developed as part of our impact evaluations through primary data collection.

Our six project metrics are outlined in the table below.

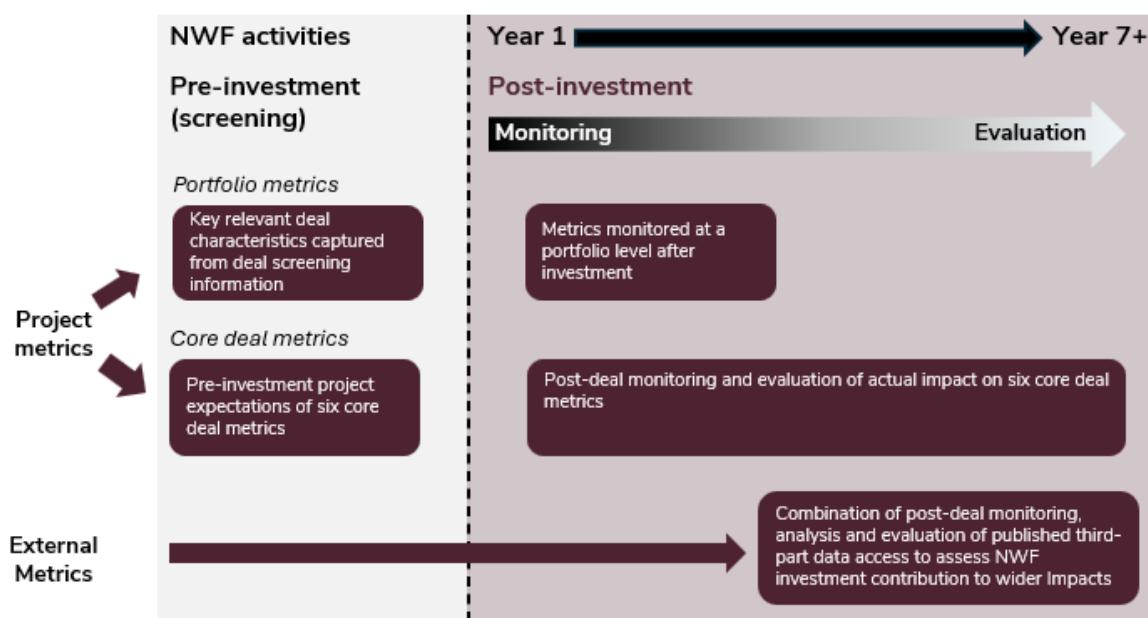
Table 1: Core deal metrics overview

Metric	Description
Private Finance Mobilised	Private Finance Mobilised by our investments, over the full lifecycle of projects. That is, at the point of investment, during our holding period, and at close.
Capacity increases	Sector-specific capacity increases associated with the Fund's investments, for instance Megawatt Hours (MWh) for Clean Energy investments
Employment	Direct employment impact of the Fund's investments, both permanent and temporary jobs created and supported
Greenhouse Gas (GHG) emissions	Relative GHG impact of the Fund's investments, which is the impact compared to a suitable counterfactual
Wage premium	To proxy productivity we will calculate the wage premium of jobs created/ supported by our investments by comparing them to local wage levels
Economic impact (GVA)	Estimated direct Gross Value Added (GVA) impact of our projects.

We will supplement our core deal metrics with a range of other metrics derived from the data and information we routinely collect as part of our investment process. Portfolio metrics are among these and can be aggregated to provide a view of our overall impact potential as several of these would measure outputs and intermediate outcomes beyond the core deal metrics. We have also included several indicative external metrics obtained from external data sources, including published statistics and data, alongside metrics that will rely on any bespoke/ primary data we might collect through our evaluation programme. Additional metrics will also be collected specifically for local authority lending/ advisory projects as required.

The different types of metrics complement each other by combining data captured directly from projects with data from other sources to give a more complete picture of overall impact over time. Combining internal and external sources also allows us to minimise the burden on project sponsors, triangulating evidence in a way that our measurement is proportionate and robust. Figure 3 gives an indication of when we expect our different metric types to be collected. For example, the data for our portfolio metrics will be gathered pre-investment through the screening process and could be combined with evaluative methods ex-post. External metrics will be used to assess impact on our outcomes a few years post-investment, when data becomes available and wider impacts begin to emerge.

Figure 4: NWF metrics and timings overview



4. Monitoring Evaluation and Learning

Evaluation is the process of determining **what** impacts have occurred to **whom**, **whether** they were intended and of the anticipated quality, understanding **why** effects have or haven't taken place and **how** they came about. It is a systematic assessment of the design, implementation, and outcomes of an intervention (HMT Green Book).

High-quality evaluation is a crucial policy learning tool and a key part of a culture of continual improvement, supporting learning and accountability⁴.

Once investments are agreed we are transparent on the expected impact and additionally of deals, sharing summary assessments via deal factsheets published on our website. These assessments frame how we track and monitor impact performance of our investments against our deal metrics and the contribution made to our missions.

⁴ HMT Magenta Book

Evaluation and Learning

As more of our investment operations go live we will report on realised impacts in future reports. Our frameworks and guidance provide tools that we use to evaluate our contribution in the long term. By systematically reviewing outcomes, we capture lessons learned from each investment, which inform and strengthen our future decision-making.

Our evaluation programme will measure our contribution to net zero and growth in real terms, testing:

- How the NWF is investing and how are we helping to reshape investment in the UK;
- The effectiveness of our investments in driving growth, building capacity and resilience in the economy and helping to deliver Net Zero.
- Our effectiveness and efficiency as a publicly funded company.

The nature of NWF's investments means that our outcomes will build over time and may not be fully realised until the 2030s. This poses significant challenges for how we can evaluate our effectiveness and understand if our missions have been successful. We are putting in place clear frameworks to understand how our investments are performing in the short, medium and long term, guided by our sector pathways. We will develop an approach to evaluation that will build the evidence base over time, reporting back at regular intervals to our shareholder and Parliament. In the period covered by the Strategic Plan, we will focus on building the evidence base on ex-post net impact through early evaluation / methodological development, working with HMT, government departments, academics and the sector to build the evidence base about our effectiveness.

An evidence strategy, setting out our intended approach to research and evaluation will be published in 2026.

Reporting on our Impact:

From the outset, NWF and its predecessor organisation have been transparent about our expected impact. We publish a comprehensive factsheet for each investment we make, setting out the key impact metrics and the rationale for investing. Where possible we have begun to supplement each investment with sector level analyses.

In October 2025, we published our first impact report, "Financing Growth, Powering Change", setting out the progress made as both NWF and UKIB in deploying our capital across the economy and telling the story about our expected impact.

Going forward, we will increase the level of real time information available to the public through two main channels:

- Annual updates on performance and corporate responsibilities (for example on emissions) will continue to be through our Annual Report and Accounts.
- An annual impact report, demonstrating how our expected and actual impact is building over time. Along side the Impact Report, we will increase the frequency and timeliness of our impact reporting - focusing on sector, portfolio and economy level impacts against the overall mission objectives.

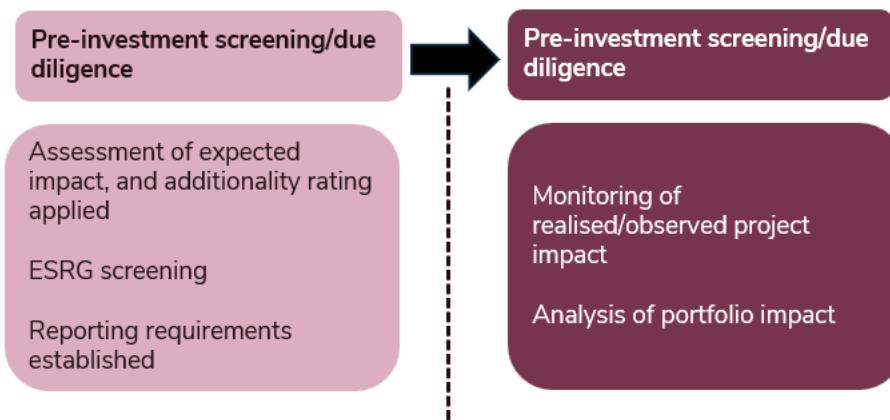
An early interim evaluation was completed in 2024 to review how the then UK Infrastructure Bank was managing its investments, and assessing how early outputs being realised across the portfolio. The findings have fed into , giving us the confidence that we are on track to making progress towards delivering our impact⁵.

5. Impact and ESRG

Impact and ESRG are interlinked in that ESRG is both an opportunity and risk for impact. If done well, it can help improve our overall impact from an investment. Equally, if material risks exist for an investment, they can reduce overall impact if not mitigated for. ESRG risk and impact risk can influence our overall judgment of impact and where possible, we work with our clients to remove, reduce, or mitigate these risks.

We have implemented our Impact Framework in the investment process alongside our new ESRG framework. Figure 5 highlights the key elements pre and post investment.

Figure 5: The Fund's investment process



⁵ [UK Infrastructure Bank, Early Learning Assessment \(UKIB, July 2024\).](#)