

Verifier Statement

Independent Verification Report

Prepared for Blue Earth Capital: February 16, 2023

Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)¹, Blue Earth Capital engaged BlueMark to undertake an independent verification of the alignment of Blue Earth's impact management (IM) system with the Impact Principles. Blue Earth's assets under management covered by the Impact Principles (Covered Assets) totals \$887,000,000², for the year ending 12/2022.

Summary assessment conclusions

BlueMark has independently verified Blue Earth's extent of alignment with the Impact Principles. Key takeaways from BlueMark's assessment are as follows:

Principle 1: Blue Earth has articulated three core impact objectives which span social and environmental goals, and which are pursued through direct, fund and debt investments across twelve sectors that can be mapped to the SDGs. Impact metrics are set primarily at the investment level as a component of deal-specific theories of change.

Principle 2: Blue Earth selects from a common set of impact KPIs based on theme and asset class, enabling portfolio-wide management of impact data. To improve, Blue Earth should explicitly align staff incentives with impact performance.

Principle 3: Blue Earth uses a standardised rating scale to assess its expected contribution for each investment. To further align, the firm should consistently compile evidence to validate its expected contribution to the impact of investments.

Principle 4: Investment Committees are responsible for developing impact ratings in line with each of the IMP's impact dimensions. Ratings are complemented by a selection of provisional impact metrics and associated targets. Where relevant, provisional metrics are aligned to IRIS+.

Principle 5: Blue Earth has a robust ESG assessment framework which is aligned with relevant industry standards and differentiated across each investment strategy. ESG data for debt investments is monitored quarterly, and annually for equity and funds investments.

Principle 6: Impact data is collected from the debt portfolio quarterly and annually for equity and funds. Impact data is aggregated within KPI Reporting master files. To further align, Blue Earth should explicitly outline data collection responsibilities at a policy level for each strategy and formalise an approach for addressing impact underperformance.

Principle 7: Blue Earth has a responsible exit framework applied consistently across all exits. To maximise alignment, each Exit memo should reference all tools and levers that have been utilised to ensure sustained impact post-exit.

Principle 8: Blue Earth's annual impact report provides an overview of impact across each strategy and quarterly monitoring reports for debt investments facilitate reflections on impact performance and potential next steps. To further align, Blue Earth should standardise impact review processes and develop formal feedback loops.

¹ Principle 9 states that signatories "shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns."

² Assets under management figure as reflected in Blue Earth's draft Disclosure Statement as of 12/2022. BlueMark's assessment did not include verification of the AUM figure.

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Assessment methodology and scope

Blue Earth provided BlueMark with the relevant supporting documentation for the policies, processes, and tools related to the IM system applicable to the Covered Assets. The scope of BlueMark’s work was limited to processes in place related to the Covered Assets as of February 2023. BlueMark’s assessment of the IM system included an evaluation of both the system itself and supporting documentation, as well as the consistency of the draft disclosure statement with the IM system. BlueMark believes that the evidence obtained in the scope of its assessment is sufficient and appropriate to provide a basis for our conclusions.³

BlueMark’s full assessment methodology, based on its professional judgment, consisted of:

1. Assessment of the IM system in relation to the Impact Principles, using BlueMark’s proprietary rubric, and examining processes and policies against the following criteria:
 - *Compliance* of the IM system with a threshold level of practice;
 - *Quality* of the IM system’s design in terms of its consistency and robustness; and
 - *Depth* of sub-components of the system, focused on completeness
2. Interviews with Blue Earth staff responsible for defining and implementing the IM system;
3. Testing of selected Blue Earth transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to Blue Earth, outlining areas of strong alignment and recommended improvement, as well as BlueMark’s proprietary benchmark ratings on the extent of alignment to each of the Impact Principles.

Permissions

This statement, including our conclusions, has been prepared solely for Blue Earth in accordance with the agreement between our firms, to assist Blue Earth in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit Blue Earth to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate Blue Earth’s alignment with the Operating Principles for Impact Management. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Blue Earth for our work or this statement except where terms are expressly agreed between us in writing.

About BlueMark

BlueMark, a Tideline company, is a leading provider of impact verification services in the impact investing market. BlueMark was founded with a mission to “strengthen trust in impact investing” and to help bring more accountability to the impact investment process. BlueMark is a wholly owned subsidiary of Tideline Advisors, LLC, a certified women-owned advisory firm in impact investing. Since its founding in 2014, Tideline has become a recognized leader in impact measurement and management, working with leading asset owners and managers to design and implement impact management systems.

BlueMark has conducted this verification with an independent and unconflicted team experienced in relevant impact measurement and management issues. BlueMark has implemented a Standard of Conduct requiring our employees to adhere to the highest standards of professional integrity, ethics, and objectivity in their conduct of business activities.

BlueMark has office locations in London, UK; New York, NY; Portland, OR; and San Francisco, CA and is headquartered at 915 Battery St, San Francisco, CA 94111, USA. For more information, please visit www.bluemarktideline.com.

³ The scope of BlueMark’s assessment procedures does not include the verification of the resulting impacts achieved. BlueMark’s assessment is based on its analyses of publicly available information and information in reports and other material provided by Blue Earth. BlueMark has relied on the accuracy and completeness of any such information provided by Blue Earth. The assessment results represent BlueMark’s professional judgment based on the procedures performed and information obtained from Blue Earth.