

Verifier Statement

Independent Verification Report

Prepared for IFU: September 9th, 2024

Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)¹, IFU engaged BlueMark to undertake an independent verification of the alignment of IFU’s impact management (IM) system with the Impact Principles. IFU’s assets under management covered by the Impact Principles (Covered Assets) totals \$1.7 billion², for the year ending 12/2023.

Summary assessment conclusions

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

Principle 1: IFU has a clearly defined investment strategy targeted (1) building the green economy and (2) building a just and inclusive economy. The strategy is further underpinned by a firm-level theory of change, and IFU is additionally working on developing theories of change across all relevant sectors, incorporating relevant external evidence throughout.

Principle 2: IFU completes a standardised ToC template for each investment, along with a results framework selecting metrics from the firm’s standard indicator pool. IFU additionally implements portfolio-level capital allocation targets and has impact-linked staff incentives for senior investment professionals.

Principle 3: IFU has a clear contribution approach outlined in the firm’s Strategic Plan and evaluates expected contribution at the level of each investment. IFU evaluates progress against targeted impact and ESG value creation plans semi-annually.

Principle 4: IFU has a robust impact due diligence process, including the creation of investment-level ToCs and a thorough assessment of various indirect impact risks.

Principle 5: IFU has a robust and detailed approach to managing and monitoring ESG risks, including a detailed set of ESG incident reporting instructions and escalation criteria and a dedicated investigations oversight committee responsible for managing major ESG risk events.

Principle 6: IFU has a robust process for monitoring impact performance on an ongoing basis: the team monitors KPIs against agreed targets and leverages external benchmarks where feasible.

Principle 7: IFU has developed an Investment Completion Report template to be completed at the time of exit. To further align, IFU should build out a strategic framework for considering the sustainability of impact at and beyond exit.

Principle 8: IFU conducts impact review via semi-annual Active Ownership Reviews and annual Board reports. To further align, IFU should ensure it sets clear learning objectives for each review and consider opportunities to systematically review unintended impacts of investments.

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 IFU’s draft 2024 OPIM Disclosure Statement as of 12/08/2024. BlueMark’s assessment did not include verification of the AUM figure.

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Assessment methodology and scope

IFU 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 August 2024. 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 IFU staff responsible for defining and implementing the IM system;
3. Testing of selected IFU transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to IFU, 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 IFU in accordance with the agreement between our firms, to assist IFU in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit IFU to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate IFU'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 IFU for our work or this statement except where terms are expressly agreed between us in writing.

About BlueMark

BlueMark, a Delaware-registered public benefit 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 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; and Portland, OR; and is headquartered at 154 W 14th St, 2nd Floor, New York, NY 10011. Its outside investors include S&P Global, Temasek Trust Capital, Blue Haven Initiative, Gunung Capital, Tsao Family Office, Ford Foundation and Radicle Impact. For more information, please visit www.bluemark.co.

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 IFU. BlueMark has relied on the accuracy and completeness of any such information provided by IFU. The assessment results represent BlueMark's professional judgment based on the procedures performed and information obtained from IFU.