BLUE/MARK

Making *the* Mark V

JUNE 2024

About BlueMark

BlueMark is a leading provider of independent impact verification and intelligence for the impact and sustainable investing market. As a certified B Corp, BlueMark's mission is to *"strengthen trust in impact investing"* by providing investors with market-leading impact verification services, benchmarks, and analytics. BlueMark's verification methodologies draw on a range of industry standards, frameworks, and regulations, including: the **Impact Management Project (IMP)**, the **Impact Performance Reporting Norms**, the **Operating Principles for Impact Management (Impact Principles)**, **SDG Impact**, **Sustainability Disclosure Requirements (SDR)**, and the **Sustainable Finance Disclosure Regulation (SFDR)**.

At the time of the publication of this report, **BlueMark has completed more than 172 verifications for impact investors managing a combined $246.8 billion in impact-oriented assets.** Learn more about BlueMark and impact verification at www.bluemark.co.

About this report

Making the Mark is an annual publication designed to drive transparency and accountability in the sustainable and impact investing market. In this fifth annual report, you can expect to find:

- **Data and insights from 111 verifications** of impact management practices for 99 distinct investors
- **Updated 2024 editions of the BlueMark Practice Benchmark and BlueMark Practice Leaderboard**, which together allow for comparisons of how investors align with key impact management practices and which investors are leaders in the field
- **Findings from BlueMark's analysis of 23 repeat clients' results from re-verification**, including their changes in ratings over time
- **Analyses of different market segments**, such as those based on investor types and asset class, according to their level of adoption of key impact practices
- **Client spotlights** highlighting use of BlueMark's other verification services, such as impact reporting verification, impact-linked financing, and regulatory alignment assessment

Acknowledgements

The lead authors for this report are **Tristan Hackett** (Senior Director), **Anna Nikolova** (Senior Associate), and **Mya Stanislas** (Associate). We would like to thank **Matt Donovan** (Analyst), **Aparna Ramanujam** (Senior Analyst) and **George Collier** (Data and Product Associate), who contributed to the research and production of this report. We would also like to thank our marketing and design team—**Jess Carden** (Marketing Manager), **Sarah Kaledin** (Marketing Analyst), **Dmitriy Ioselevich** (17 Communications) and **Dustin O'Neal** (Great Jones Studio) for their vision and creativity in producing this publication.

Finally, a special thank you to each of BlueMark's verification clients, without whom this report would not have been possible. A list of BlueMark's practice verification clients is available in the Appendix on page 45.

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Verification Service Spotlights

Five Years of Making the Mark

When we published our first *Making the Mark* report in 2020, we wrote about "the need to rethink the role private capital can play in shaping a better world and building a more sustainable and inclusive society for when we emerge on the other side of this crisis."

The crisis we were referring to was, of course, the COVID-19 pandemic. Five years later and amidst continued global challenges, this imperative still rings true as demand persists for innovative solutions that investors can play a crucial role in financing. However, although a growing number of investors are embracing sustainable and impact investing, many still lack a complete understanding of what it means in practice to measure and manage a portfolio of investments with the goal of generating positive impacts.

This demand for more information on the "how" of impact investing is why we've approached each edition of Making the Mark with the aim of unlocking new insights and providing greater clarity into best practices. While we know many impact investors are just getting started, we see signals of an industry that is rapidly maturing.

> "While we know many impact investors are just getting started, we see signals of an industry that is rapidly maturing."

Indeed, **after more than 172 verifications for a diverse set of investors managing close to $247 billion in impact AUM**, we can confidently say that the impact investing market overall is becoming more sophisticated in its approach to measuring and managing impact. Several impact management practices that were considered pioneering or had limited adoption five years ago are now considered table stakes. This pace of change is inspiring and fuels our conviction about the value of verification as a tool for continuous learning and improvement.

We hope this year's report, which we redesigned in a more user-friendly presentation format, will be read widely by practitioners and provide actionable insights to support their work.

Making our mark on impact investing

BlueMark was founded to meet the growing market demand for independent impact verification. We had a conviction that scaling the impact investing market with integrity would require the field to embrace accountability mechanisms that allow for objective and transparent assessments of investors' impact claims. This conviction quickly bore fruit as more and more investors have signed on to standards like the Operating Principles for Impact Management, which requires Signatories to both disclose and verify their alignment to the Principles, especially in the face of growing concerns over greenwashing and impact washing. Equally encouraging, we've seen investors use verification as a mechanism for internal learning and improvement—and a means to keep pace with advances in market expectations.

Over the past five years of conducting verifications, we've also seen where there are gaps in the available tools and resources required by an increasingly diverse and complex marketplace. In collaboration with our clients and other market builders, we have sought to help address several of these market gaps through research and advancements in our services (see Five Years of Field Building).

The common thread through each of these examples is a commitment to advance a greater understanding of market expectations for impact investors, as well as to provide mechanisms to gauge whether investors are meeting these expectations.

Five Years of Field Building

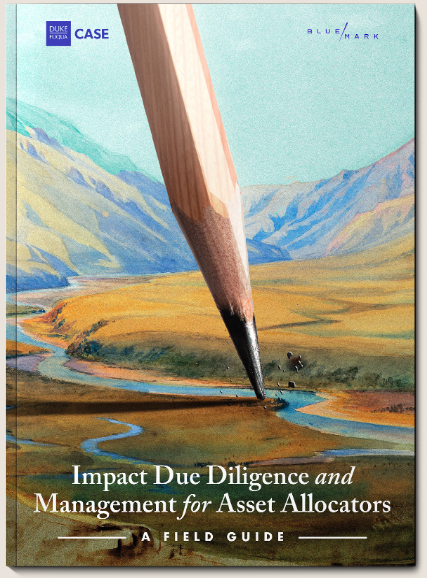
Some examples of our field building efforts over the years include:

IMPACT REPORTING

Through our **Raising the Bar** research, we sought to bring more clarity to the market about what constitutes quality impact reporting.[1] Building on this research, **Impact Frontiers** recently led a stakeholder consultation process to develop the **Impact Performance Reporting Norms (the Norms)**.[2] The Norms are a critical development for the impact investing industry—providing guidance and a structure for organizing impact reports as well as guidelines for independent reviewers that assess the reports. They are also now the backbone of our impact reporting verification service, which we explore in more detail via a case study later in this report.

REGULATORY PREPAREDNESS

Investors are confronting a new and expanded set of compliance requirements as regulators target the sustainable and impact investing markets. Recognizing the overlap between market best practices and the requirements associated with these regulations, we have adapted our verification methodology to incorporate these considerations. The regulatory assessments spotlighted in this year's report help firms identify gaps and assess their readiness to comply with different disclosure requirements and labeling regimes, supporting them in navigating the evolving regulatory environment.



GUIDANCE FOR IMPACT ALLOCATORS

DUKE FUQUA CASE

We recently collaborated with **CASE at Duke University** on a research project to address the lack of guidance available to asset allocators,[3] especially those newly making impact investments. To provide the practical information they need to invest more confidently and effectively, we developed a guide distilling current best practices and practitioner wisdom on conducting due diligence and managing impact funds.[4]

IMPACT-LINKED FINANCING

Despite growing interest in linking impact performance to financial incentives, there is limited guidance on how to design and implement appropriate systems. Recognizing the importance of independent verification in ensuring that impact targets are relevant, ambitious, and measurable, we have been working with a growing number of managers to bring our verification expertise to this realm. This year's report highlights examples of our work reviewing impact-linked compensation (ILC) systems as well as sustainability-linked debt instruments.

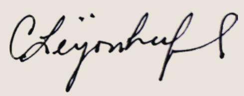
1 BlueMark (2022). Raising the Bar 2.0: BlueMark's Framework for Evaluating Impact Reporting.
2 Impact Frontiers (2024). Impact Performance Reporting Norms Version 1
3 In this report, an "asset allocator" is defined as an entity responsible for selecting funds for investment. This term encompasses both asset owners (such as pension funds and endowments) and advisers to asset owners (such as wealth managers).
4 BlueMark and CASE (2023). A Field Guide: Impact Due Diligence and Management for Asset Allocators

Evolving to Serve a Maturing Market

As the industry continues to grow and mature, new market gaps and needs emerge. Based on our extensive work with asset managers and asset allocators, we see a growing demand for a holistic tool capable of facilitating the interpretation and evaluation of different impact strategies and the extent to which they are meeting market expectations. To that end, we are excited to share a preview of a new service we have recently begun to pilot with clients called the **Fund Impact Diagnostic (Fund ID).**

The Fund ID is an assessment that brings together best practices across four key pillars of accountability—strategy, governance, management, and reporting—and draws on a broad range of industry standards. The product's aim is to bring increased credibility, objectivity, and transparency to the identification of strengths and gaps associated with different sustainable and impact investment products.

We view the Fund ID as the next critical step in our work at BlueMark. By providing a comprehensive and accessible mechanism for assessing impact funds, we hope to promote more efficiency and consistency in the way strategies are evaluated, ultimately driving more capital into the market. We expect the data and insights generated by the Fund ID will also shape future iterations of Making the Mark, enabling us to offer the market a more complete picture of how impact investors are delivering impact results. We are looking forward to another five years of making an impact, together with our clients and partners across the industry.



Christina Leijonhufvud

BLUEMARK CEO

TIDELINE MANAGING PARTNER

2024 Verification Results

This section presents data and analyses based on the aggregated results of BlueMark's practice verifications through March 2024. Taken together, these data points provide insight into the current state of impact management practice and its evolution over time.

Key Findings

In our fifth annual edition of *Making the Mark*, we look at how impact management practices are evolving **based on a sample of 111 practice verifications** for **clients managing approximately $234 billion in combined impact assets.** This is equivalent to about 20% of the total $1.2 trillion impact investing market, as measured by the Global Impact Investing Network in 2022,[5] allowing us to provide an indicative picture of the state of impact management today.

Key findings from this year's analysis[6]—which highlight changes since we first started reporting on practice indicators in 2021 as well as changes since last year's report—include the following:

1.

Impact due diligence practices are maturing, with the prevalence of investors' pre-investment assessment of impact risks (i.e., negative impacts and/or the probability of impact not occuring) increasing from 55% in 2023 to 65% in this year's report. Similarly, 75% of verified investors now regularly assess their potential investor contribution to impact prior to making an investment (up from 68% in 2023). In the past year, we began tracking other due diligence practices and have found that 42% of our clients establish impact targets at the time of investment and 32% have defined impact-focused eligibility criteria for their portfolios. The prevalence of these practices amongst our clients suggests that investors are becoming increasingly sophisticated in their upfront impact screening and analysis efforts.

2.

Impact investors are adopting more robust practices to measure and manage ESG risks, which is underscored by the BlueMark Practice Median for ESG Risk Management shifting from a High to an Advanced rating for the first time. Underpinning this shift is the increase in the proportion of verified investors that actively engage and manage ESG issues with their investees (up from 43% in 2021 to 55% in 2024). This development is likely driven by emerging regulations (i.e., SFDR) and increased expectations for ESG data from LPs, which have led fund managers to place more emphasis on routine monitoring of ESG risks post-investment.

5 The GIIN (2022): GIINsight: Sizing the Impact Investing Market 2022

6 For an overview of BlueMark's methodology and approach to 2024 data sample, please refer to the Appendix.

3.

Advanced impact performance monitoring and review practices are on the rise, evidenced by the growing proportion of verified investors that solicit data from stakeholders about the outcomes they are experiencing. The prevalence of this practice increased from 11% in 2021 to 35% in this year's report—the largest increase of any practice during this time period. Additionally, a larger proportion of our clients are using learnings from their impact performance data to refine and improve their strategies (from 39% in 2023 to 51% in 2024). These shifts suggest investors are becoming more sophisticated in their ability to collect and use impact data and, at the same time, reflect the industry's emerging expectations for impact reports that include complete and contextualized results data.

4.

While Impact at Exit remains the practice area with the largest proportion of Low scores, there have been improvements in the underlying practices over the past three years. Notably, the percentage of verified investors that have a policy or framework to sustain impact at exit has increased from 57% in 2021 to 64% this year. Additionally, the proportion of investors that identify potential actions they can take during their investment period to promote sustained impact has risen from 17% in 2021 to 29% this year. Increased adoption of these practices since 2021 is a reflection of heightened importance of sustainable exits, in large part due to the Operating Principles for Impact Management launched in 2019. Additionally, as more impact investors have had more exits, the implementation of responsible exit policies has been more evident. However, despite increasing market recognition, Impact at Exit has been the practice area with the lowest proportion of High and Advanced scores over the past four years.

5.

Repeated verifications showcase the value of commitment to continuous learning and improvement. Repeat verifications give clients the chance to gauge the quality of the improvements they've made to strengthen their practices over time. In comparing 23 repeat BlueMark clients' most recent verification against their previous verification results, we saw, on average, improvements across five of eight practice area ratings. Ratings improvements were more common for practice areas in the later stages of the investment lifecycle, showing that verification can be a valuable tool in the learning and review process for practice areas that are traditionally challenging for investors, such as Impact at Exit.

BlueMark's Practice Benchmark

ABOUT THE PRACTICE BENCHMARK

BlueMark's proprietary rating system evaluates the degree of investor alignment with core pillars of impact management[7] on a four-part scale **(Low, Moderate, High, Advanced)**. The underlying methodology is consistently updated to reflect the evolving state of practice in the market.[8]

The BlueMark Practice Benchmark (Figure A) organizes the aggregated results from BlueMark's 111 most recent practice verifications into **Leading**, **Median** and **Learning** segments. These findings provide a clear picture of the level of adoption of impact management practices and allow for analyses of changes in adoption over time.

While the ratings create a shorthand for investors to understand where they excel and where they have room for improvement, the Benchmark categorizes practice trends by quartile, providing a mechanism for investors to compare themselves to their peers and to learn from others.

LEADING PRACTICE

Leading Practice represents the top quartile of our sample (75th percentile and above. Leading Practice incorporates all the core elements of impact management, as well as several advanced practices that may go above and beyond the requirements of market standards.

MEDIAN PRACTICE

Median Practice reflects the impact management practices of the median impact investor in our sample (50th percentile). The Practice Median represents the current standard and incorporates many of the core elements of impact management.

LEARNING PRACTICE

Learning Practice represents the bottom quartile of our sample (25th percentile and below). These investors may have good intentions, but lack many core practices necessary to effectively manage positive impact. Many are early in their impact investing journeys, while others have yet to embed impact considerations at key stages of the investment process.

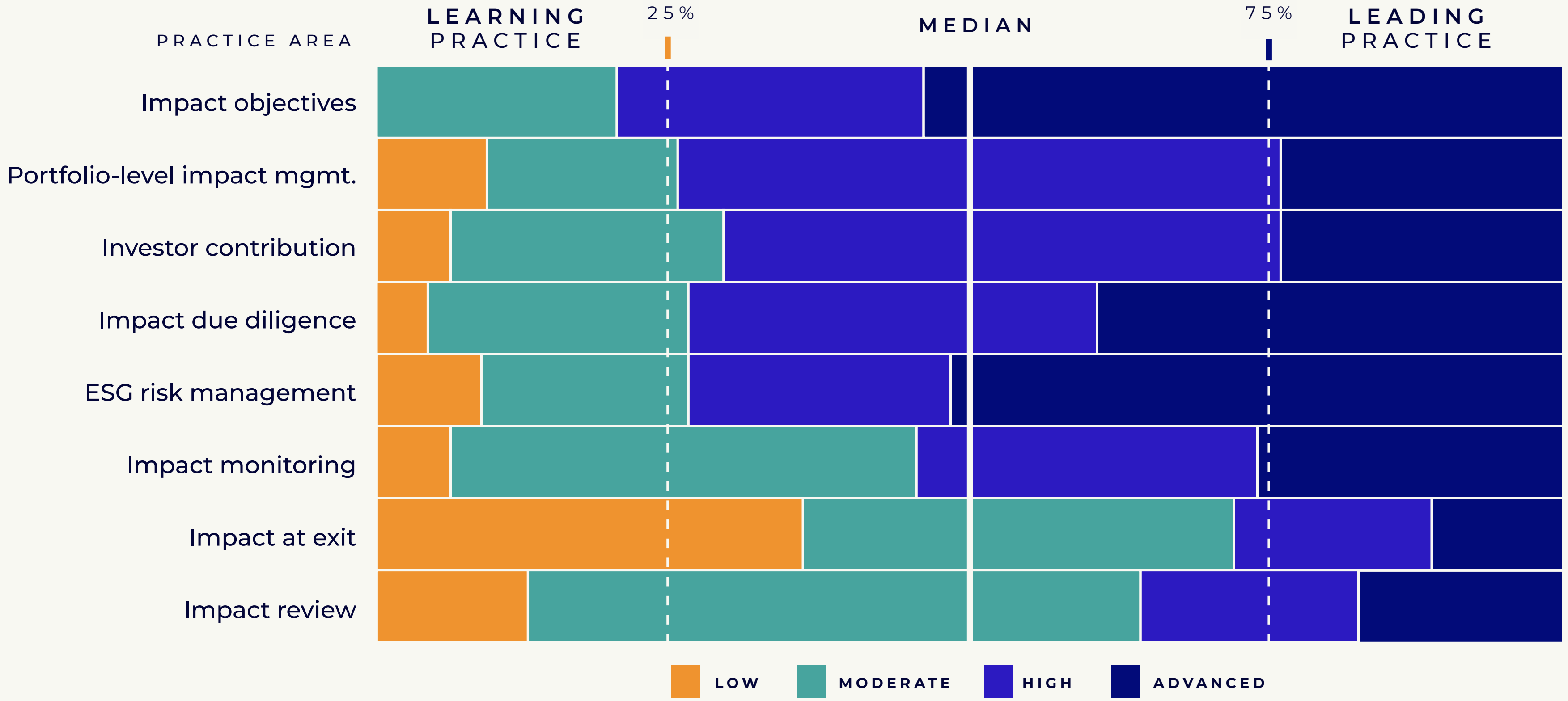
7 BlueMark's practice verification methodology is grounded in The Operating Principles for Impact Management ('Impact Principles'), a set of principles for the impact investing industry that establish expectations for the design and implementation of impact management systems, ensuring that impact considerations are integrated throughout the investment lifecycle. For more information, please visit https://www.impactprinciples.org/. Not all of BlueMark practice verification clients are Signatories to the Impact Principles.

8 For an overview of BlueMark's methodology and 2024 data sample, please refer to the Appendix.

FIGURE A

2024 Practice Benchmark

BlueMark's aggregate ratings of investor alignment with eight key impact practice areas.[9]



9 Figure A presents the aggregated ratings across eight core impact practice areas from BlueMark's 111 most recent practice verifications, excluding 23 verifications for investors that have been re-verified.

BlueMark's Practice Dashboard and Data

ABOUT THE PRACTICE DASHBOARD

A companion to the Practice Benchmark, the **BlueMark Practice Dashboard** (Figure B) shows the degree of adoption of 20 key underlying impact practices across the full sample of 111 verifications, providing a richer understanding of the underlying practices within each practice area rating. Shifts in the implementation rates of these practices are discussed in detail in the **Insights by Practice Area** section of this report.

OUR DATA ANALYSIS METHODOLOGY

In preparing Making the Mark, BlueMark conducts a variety of statistical analyses to identify trends over time and relationships between key impact management practices across client type. BlueMark's threshold for commenting on meaningful changes over time (both relative to the prior year and relative to 2021, when we first started reporting on indicators), is an observed absolute percentage change of 10% or more. We further assess whether these observed changes are indicative of clear shifts in client and market practice or influenced predominantly by shifts in our client base and/or modifications to our scoring methodology.

For more information on our approach to data analysis, see page 44 in Appendix.

FIGURE B

The 2024 Practice Dashboard

BlueMark's data on the implementation rates of 20 key underlying impact practices.[10]

PRACTICE AREA	MEDIAN RATING	KEY PRACTICES	2023	2024
Impact objectives	ADVANCED	Align with Widely Accepted Impact Goals (e.g., SDGs)	92%	93%
		Align with the 169 Targets underlying the SDGs	43%	44%
		Create a theory of change with supporting evidence	60%	61%
Portfolio-level impact mgmt.	HIGH	Have a means to review and assess impact performance at the portfolio-level	88%	73%
		Use a composite impact scoring or rating tool to assess impact across the portfolio	29%	36%
		Link staff incentive systems to impact performance	31%	33%
Investor contribution	HIGH	Assess investor contributions to the impact of each investment	68%	75%
		Track and monitor results of investor contribution activities	23%	25%
Impact due diligence	HIGH	Assess expected potential impact performance (ex-ante) for each investment	95%	96%
		Assess all fundamental components of potential impact for each investment	54%	49%
		Assess impact risks related to each investment	55%	65%
ESG risk management	ADVANCED	Have a process to identify and manage ESG risks	91%	83%
		Actively engage and manage ESG issues with investees	52%	55%
Impact monitoring	HIGH	Monitor impact data against expectations or a target	60%	58%
		Solicit input from end-stakeholders to validate impact outcomes	32%	35%
Impact at exit	MODERATE	Have an approach to sustaining impact at exit	60%	64%
		Identify potential actions to ensure impact is sustained at and beyond exit	27%	29%
Impact review	MODERATE	Consistently review each investment's impact performance	89%	90%
		Review unintended impacts to refine strategy/approach	16%	11%
		Use impact review findings to improve processes and strategy	39%	51%

MATERIAL INCREASE IN PERCENTAGE FROM 2023 SAMPLE

MATERIAL DECREASE IN PERCENTAGE FROM 2023 SAMPLE

10. Variance is defined as a material increase or decrease in percentage change (i.e., +/- 10%) compared to the 2023 sample.

BlueMark's Practice Leaderboard

ABOUT THE PRACTICE LEADERBOARD

The BlueMark Practice Leaderboard was created as a way to highlight those impact investors with best-in class impact management systems and practices. To earn a spot on the Leaderboard, verified investors must have ratings that score in the top quartile or above for each practice area in that year's edition of the Practice Benchmark.[11] In order for a verification to be eligible for inclusion, clients must have been practice verified within two years of the Making the Mark sample deadline to ensure that their systems are assessed against the present state of the market.[12]

2024 EDITION

In this edition of the Leaderboard, there was one change to the criteria for inclusion—the top quartile rating for the Impact Monitoring practice area shifted from a High to an Advanced, which means verified investors must now receive an Advanced rating on four practice areas (Impact Objectives, Impact Due Diligence, ESG Risk Management, and Impact Monitoring) and a rating of High or above on the remaining four (Portfolio-level Impact Management, Investor Contribution, Impact at Exit, and Impact Review).

Four new investors—**BlueOrchard**, **Circulate Capital**, **Developing World Markets**, and **Schroders**—have been named to the 2024 edition of the Practice Leaderboard, bringing the total number of investors on the Leaderboard to 10—or 9% of the 111 practice verifications included in this year's analysis.

Qualifying clients will continue to be added to BlueMark's Practice Leaderboard page at the conclusion of verification engagements throughout the year.

11 Investors that no longer meet the criteria for the current edition of the Leaderboard will not be included in Leaderboard, even if they qualified for previous editions of the Leaderboard.

12 For an overview of BlueMark's methodology and 2024 data sample, please refer to the Appendix. The deadline or inclusion for this year was March 15th, 2024

FIGURE C

The 2024 Practice Leaderboard

BlueMark clients with ratings that score in the top quartile or above for each practice area in this year's edition of the Practice Benchmark.

INVESTOR NAME	ASSET CLASS	DATE	GEOGRAPHY	IMPACT THEMES
Bain Capital Double Impact	*Private Equity*	April 2023	North America	· Health & Wellness · Education & Workforce Development · Sustainability
BlueOrchard	*Private and Public Debt, Private Equity, Real Assets*	Feb. 2024	Global	· Multi-theme
Calvert Impact Capital	*Private Debt*	April 2023	Africa, Asia, South America, North America	· Access to Community Services · Financial Inclusion · Climate Change
Circulate Capital	*Private Debt , Private Equity*	April 2024	Asia	· Climate Adaptation & Resilience · Climate Change Mitigation
Developing World Markets	*Private Debt, Private Equity*	March 2024	Global	· Climate Change Adaptation and Resilience · Financial Inclusion · Gender Equality
Finance in Motion	*Private Debt, Private Equity*	Oct. 2023	Global Emerging Markets	· Climate Finance · Entrepreneurship & Livelihoods · Financial Inclusion · Green Economy
LeapFrog	*Private Equity*	Jan. 2023	Sub-Saharan Africa South and South-east Asia	· Financial Inclusion · Healthcare · Climate Solutions
Nuveen Private Equity Impact	*Private Equity*	June 2022	Global	· Resource Efficiency · Inclusive Growth
Schroders	*Private Equity, Public Debt, Public Equity*	Sept. 2023	Global	· Multi-theme
Trill Impact	*Private Equity, Private Debt*	Oct. 2023	Europe	· Multi-theme (SDG-aligned impact)

Re-verification Findings

Re-verification gives clients the chance to gauge the quality of improvements they've made to strengthen their practices over time. The growing dataset of BlueMark clients has made it possible to analyze changes in ratings for investors undergoing repeat verifications. Figure D on the following page compares the median scores of 23 repeat BlueMark clients' most recent verification (re-verification) against the results of their previous verification to gain insight into those changes.

KEY INSIGHTS

Ratings improvements were more common for practice areas associated with the later stages of the investment lifecycle with at least 10 of the 23 clients (43%) improving their ratings related to ESG Risk Management, Impact Monitoring, Impact at Exit, and Impact Review.

Repeat verifications show evidence of continuous learning and improvement in how clients manage impact. The median ratings for five of eight practice areas improved between verifications,[13] suggesting that this exercise plays a key role in an organization's approach to reviewing and strengthening their systems over time.

While clients that seek re-verification tend to demonstrate commitment to best practice and score highly, **rating improvements were not ubiquitous across the board.** Indeed, four clients' ratings for a given practice area decreased upon re-verification due to BlueMark's refinement in rating criteria and changes in client practices.

13 Of the three practice areas that did not improve, two (Impact Objectives and Impact Due Diligence) were already at an Advanced median rating.

FIGURE D

Effects from Re-verification

The results of 23 repeat BlueMark clients' previous and current verifications.

PRACTICE AREA	MEDIAN (PREVIOUS)	MEDIAN (CURRENT)	% OF CLIENTS WITH IMPROVEMENTS IN RATINGS
Impact objectives	ADVANCED	ADVANCED	13%
Portfolio-level impact mgmt.	HIGH	ADVANCED	30%
Investor contribution	HIGH	ADVANCED	35%
Impact due diligence	ADVANCED	ADVANCED	30%
ESG risk management	HIGH	ADVANCED	52%
Impact monitoring	HIGH	HIGH	43%
Impact at exit	MODERATE	HIGH	52%
Impact review	MODERATE	ADVANCED	48%

Insights *by* Practice Area

This section includes data and insights about practices specific to each of the key stages of impact management:

STRATEGIC INTENT

Impact Objectives and the SDGs

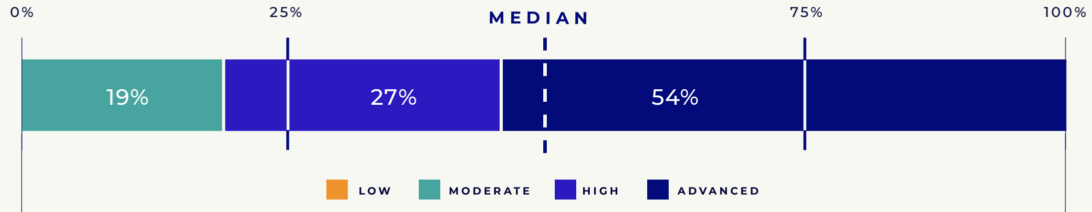
Setting impact objectives that are consistent with an investor's investment strategy is a foundational impact management practice that allows investors to ensure they have a credible impact strategy that is rooted in evidence and aligned to global consensus for achieving positive outcomes.

KEY INSIGHTS

61% of verified investors' impact strategy is backed up by a robust theory of change with supporting evidence and research for how their investment activities will lead to targeted outcomes sought.

Across the sample of investors, firms are targeting all 17 of the SDGs, showcasing the diversity of impact investing goals and strategies. **SDG 8 "Economic Growth" and SDG 13 "Climate Action" are the most commonly targeted SDGs by investors,** while SDG 16 "Institutions" and SDG 17 "Partnerships" are the least represented, likely due to the relative lack of associated investable opportunities (See Figure E).

PRACTICE MEDIAN | ADVANCED



KEY PRACTICES	VARIANCE FROM 2023*	2024
Create a theory of change with supporting evidence	=	61%
Align with widely accepted Impact Goals (e.g., SDGs)	=	93%
Align with the 169 Targets underlying the SDGs	=	44%

*Variance is defined as a material increase or decrease in percentage change (i.e., +/- 10%) compared to the 2023 research sample.

FIGURE E

Top 5 SDGs Investors are Targeting

*The methodology for calculating this data has been updated since the 2023 Making the Mark report.

SERVICES SPOTLIGHT

Regulatory Support Services

As regulations emerge around the globe that target the sustainable and impact investing markets, impact investors are confronting a new and expanded set of compliance requirements.

A COMPLEX AND DYNAMIC REGULATORY LANDSCAPE

The introduction of regulation on sustainability- and impact-oriented investment products has led many firms to re-evaluate whether their products are meeting these evolving requirements. Recognizing the overlap between market best practices and regulatory requirements, BlueMark has adapted our verification methodology to help firms identify gaps and assess their readiness to comply with different disclosure and labeling regimes.

OUR APPROACH

BlueMark helps managers launching new funds to understand what it would take for them to confidently adopt a label under the UK FCA's Sustainability Disclosure Requirements (SDR) and/or disclose against various classifications of the EU's Sustainable Finance Disclosure Regulation (SFDR).

Our verifications and regulatory assessment services help clients understand the extent to which their systems are designed to meet minimum regulatory requirements as well as broader market best practices and norms. Rather than a "tick-the-box" approach to compliance, BlueMark's clients benefit from reviews that contextualize requirements within a holistic review of their impact management and ESG frameworks.

CLIENT SPOTLIGHT

Novastar Ventures

BlueMark partnered with Novastar Ventures, a UK-domiciled manager investing in Africa, to help inform the firm's leadership as they consider which SDR and SFDR classifications to adopt for their next fund. Building upon our verification of Novastar's alignment with the Impact Principles, we conducted a gap analysis of the fund's impact strategy, management system, and reporting against the criteria of both the SDR Sustainable Impact label and SFDR Article 9. The output of this work included a mapping of recommendations for enhancements to the fund's impact and ESG policies and practices to both regulatory requirements and the Impact Principles.

NOVASTAR VENTURES

STRATEGIC INTENT

Portfolio-level Impact Management and Staff Incentives

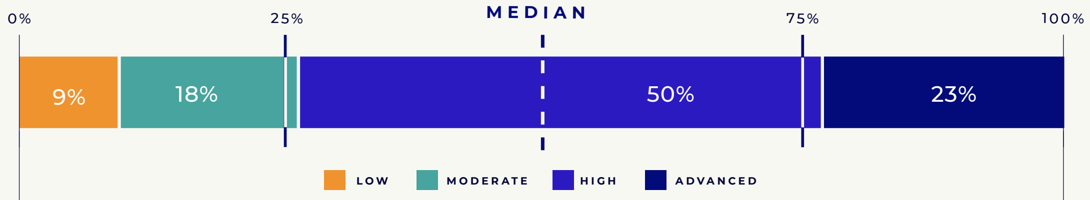
Using a standard framework or scoring system to compare and aggregate impact performance across a portfolio of investments is key to understanding and managing portfolio-level impact. Aligning staff incentives with impact performance is another tool that can aid in managing portfolio-level impact.

KEY INSIGHTS

While the use of bespoke impact scoring or composite rating tools is steadily increasing, its adoption still remains relatively limited (only 36% of investors in the sample, compared to 29% in last year's sample). Recent growth may be driven by an increase in industry resources available to investors, which provide guidance in implementing these tools effectively.[14]

The most commonly used approach for comparing impact across a portfolio of investments is to assess a standard set of impact dimensions[15] (68%), followed by use of standard impact KPIs per theme (66%) and use of a composite score or rating (36%). (See Figure F).

PRACTICE MEDIAN | HIGH

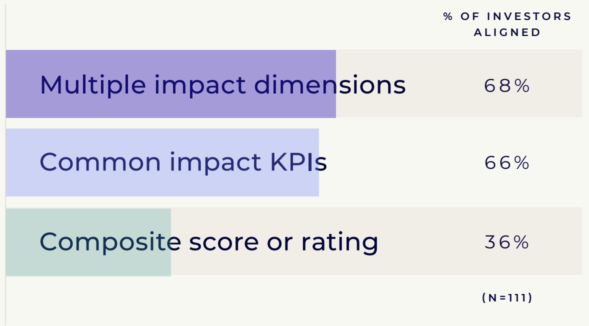


KEY PRACTICES	VARIANCE FROM 2023*	2024
Have means to assess impact performance at the portfolio level	↓	73%
Use a composite impact scoring or rating tool to assess impact across the portfolio	↑	36%
Link staff incentive systems to impact performance	=	33%

*Variance is defined as a material increase or decrease in percentage change (i.e., +/- 10%) compared to the 2023 sample.

FIGURE F

Approaches to Portfolio-level Impact Comparison



14 Examples of resources for impact scoring include British International Investment's Scoring System and Impact Frontiers' Curriculum.

15 Investors often draw on the IMP Five Dimensions of Impact to assess impact across investments.

Portfolio-level Impact Management and Staff Incentives

(continued)

KEY INSIGHTS

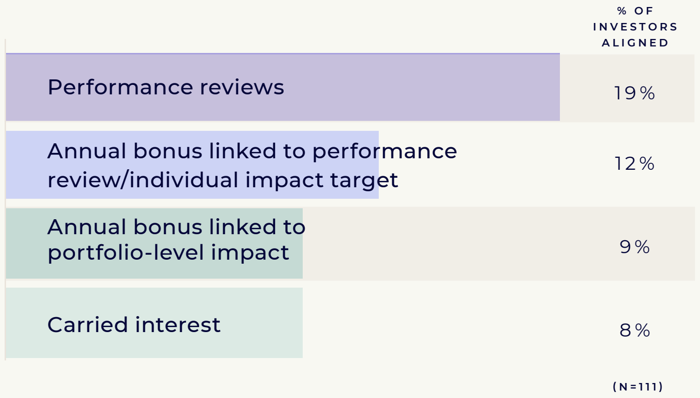
33% of the sample link staff incentives to the impact performance of their investments, compared to 31% of last year's sample. Although this practice is currently employed by a minority of investors, it continues to capture interest and attention in the market, with the help of important field-building research on different approaches and best practices for structuring impact linked compensation mechanisms.[16]

The most commonly adopted incentive approach, used by 19% of verified investors, is to explicitly address impact-related practices and/or results as part of staff performance reviews. However, a growing number of investors are also linking variable compensation to the achievement of portfolio- or investment-level impact targets. (See Figure G).

Only 8% of investors in the sample have linked carried interest to impact results, in part because this technique is only applicable to private equity and venture funds. Of the private equity and venture capital funds BlueMark has verified, still only 14% have adopted an impact-linked carry mechanism.

FIGURE G

Approaches to Impact-aligned incentives



16 The ImPact (2023): Impact-Linked Compensation: Considerations, Design Options and Frameworks.

SERVICES SPOTLIGHT

Impact-linked Compensation

Impact-linked Compensation is an emerging best practice within impact investment and demonstrates the investor's strategic commitment to achieving impact outcomes.

A GROWING TOOL FOR IMPACT ACCOUNTABILITY

Impact-linked Compensation (ILC) is a tool that ties investors' own remuneration or incentives to the impact results of their investments. Though only 33% of BlueMark clients currently employ an ILC system, key frameworks (including the Impact Principles and SDG Impact) have defined it as a best practice in impact management, signaling that it as an increasing expectation for impact investors.

ILC systems require both a measure of impact achievement and a mechanism for rewarding managers or staff members. The measurement can come in the form of qualitative or quantitative assessments of the achievement of fund- or investment-level impact targets, whereas compensation can be awarded through bonuses or access to carried interest, among other options.

OUR APPROACH

Third-party verification is a critical component to assessing the credibility and integrity of impact targets linked to ILC structures, particularly when linked directly to external capital (i.e,. impact-linked carry). We apply our verification expertise to ensure that ILC targets established by investors are relevant and material to the impact sought, appropriately ambitious, and that they can be accurately measured.

CLIENT SPOTLIGHT

Nuveen Climate Inclusion Fund II

In December 2023, Nuveen Private Equity Impact Investing ("Nuveen") engaged BlueMark to review the ILC system of its Climate Inclusion Fund II. This assessment involved evaluating the alignment of the fund's overarching processes for setting investment-level impact targets (that will be linked to a carry mechanism) against best practices. We were able to confirm that the protocols are sound and clearly defined, giving confidence to investors in the mechanism for establishing targets and providing a solid foundation for future monitoring.

On an annual basis, BlueMark will verify the relevance, ambition, and measurability of individual investment-level targets to ensure ongoing accountability and integrity to the ILC mechanism.

nuveen

IMPACT DUE DILIGENCE

Investor Contribution to Impact

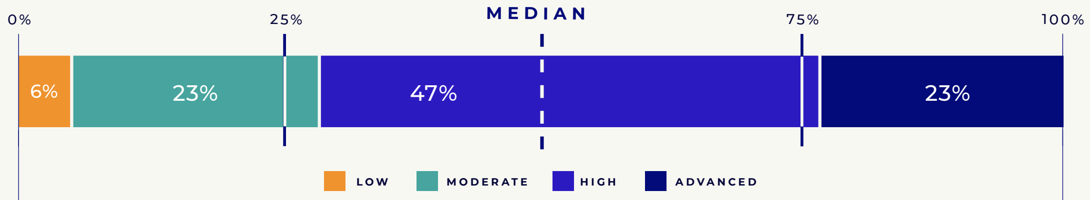
Assessing expected investor contribution enables investors to gauge their unique value-add, both financially and non-financially, to the achieved impact of each investment. While measurement of an investor's actual contributions to impact is still an emerging and nuanced practice, investors with robust ex-ante assessments are also starting to track the results of their contribution approach to gain a better understanding of their role in driving and improving investee outcomes.

KEY INSIGHTS

75% of verified investors in this year's sample assess their expected contribution to an investee's impact prior to investing, increasing from 68% in last year's sample. However, only a quarter (25%) have a systematic process to monitor the progress and results of their activities, which is a key practice to understanding the effectiveness of an investor's contribution strategy and value creation activities.[17]

Investors more regularly claim non-financial influence with their investees, such as through providing technical assistance (59%) and improving operational ESG standards (49%) (See Figure H).

PRACTICE MEDIAN | HIGH

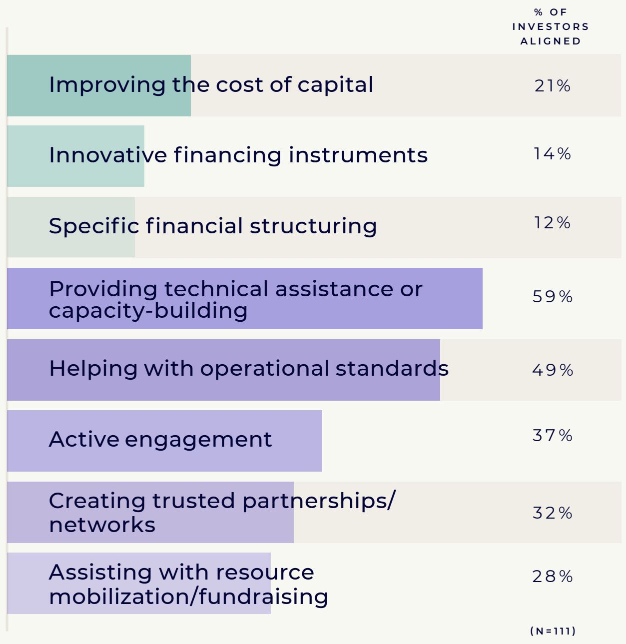


KEY PRACTICES	VARIANCE FROM 2023*	2024
Assess investor contributions to the impact of each investment	↑	75%
Track and monitor results of investor contribution activities	=	25%

*Variance is defined as a material increase or decrease in percentage change (i.e., +/- 10%) compared to the 2023 research sample.

FIGURE H

Approaches to Investor Contribution



FINANCIAL CONTRIBUTION
NON-FINANCIAL CONTRIBUTION

17 Tideline and Impact Capital Managers (2024): New Frontiers in Value Creation

IMPACT DUE DILIGENCE

Impact Screening and Due Diligence

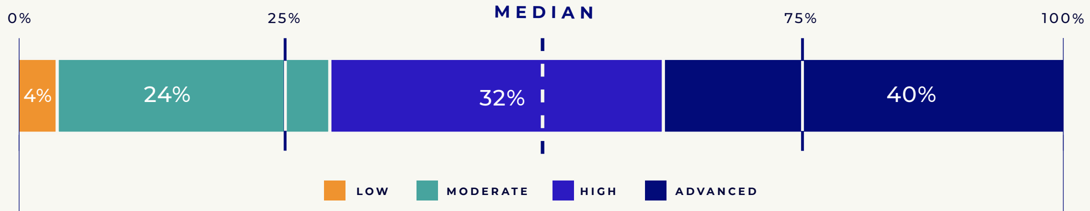
Assessing impact during due diligence against a robust set of criteria is a fundamental practice to ensure an investor selects investments aligned to their impact strategy. Robust practice should, for each investment, include an analysis of all the fundamental components of impact sought in addition to broader material impacts (i.e., indirect and negative impacts) while setting targets to allow for effective performance monitoring and analysis ex-post.

KEY INSIGHTS

42% of verified investors establish impact targets with their investees at the time of investment execution, which are often connected to reporting requirements within investment documentation and, in certain instances, linked to financing terms.

About a third (32%) of verified investors have impact eligibility criteria or thresholds. This practice ensures consistency in determination of eligibility for portfolio inclusion based on impact potential, ensuring that investments align closely with intended impact goals.

PRACTICE MEDIAN | HIGH



KEY PRACTICES	VARIANCE FROM 2023*	2024
Assess expected potential impact performance (ex-ante) for each investment	=	96%
Assess all fundamental components of potential impact for each investment[18]	=	49%
Assess impact risks related to each investment	↑	65%
Have impact eligibility criteria or thresholds for inclusion	N/A	32%
Establish ex-ante impact targets with investees[19]	N/A	42%

*Variance is defined as a material increase or decrease in percentage change (i.e., +/- 10%) compared to the 2023 research sample.

18 The methodology for calculating this indicator has changed from the 2023 *Making the Mark* report. For an overview of BlueMark's methodology and 2024 data sample, please refer to the Appendix.

19 An additional subset of investors (16%) establish impact targets ex-post with investees during onboarding or the first stages of investment management

Impact Screening and Due Diligence

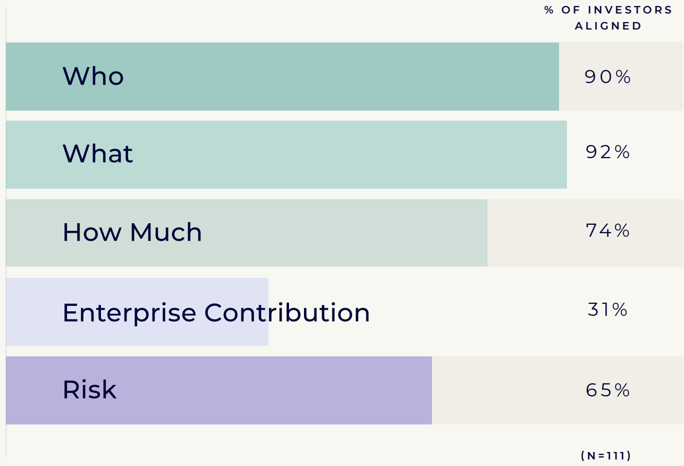
(continued)

KEY INSIGHTS

Almost half of verified investors (49%) have a thorough impact due diligence process that analyzes multiple dimensions of an investment's potential impact (Who, What, How Much, and Risk) (See Figure I). Assessments of impact risks, in particular, have increased over the past year from 55% of the sample in 2023 up to 65% this year.

FIGURE I

Use of the IMP 5 Dimensions of Impact



IMPACT MONITORING AND MEASUREMENT

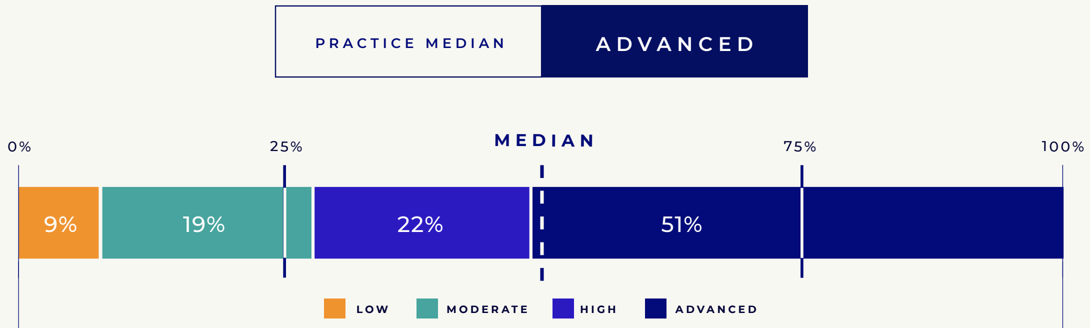
ESG Risk Management

Although many impact investors previously assumed their strategies were entirely distinct from ESG investment strategies, assessing and monitoring Environmental, Social, and Governance (ESG) risks is now regarded as a critical component to impact management. By actively managing ESG risks or improvements during the life of investments, managers are able to ensure that investees are not creating undue harm on people or the planet through the way their businesses are operated.

KEY INSIGHTS

Overall, verified investors are adopting more robust practices to measure and manage ESG risk, as evidenced by the shift in the median rating from High in 2021-2023 to Advanced in 2024. This indicates that ESG Risk Management is increasingly a table stakes expectation for all investors, a change likely attributed to escalating regulatory pressure and heightened scrutiny on ESG practices.

Despite showing a long-term trend of improvement, individual investor practices have not changed materially in the past year. Indeed, 55% of investors actively engage with their investees post-investment to manage ESG performance, which is up from 52% in 2023 (and further from 43% in 2021).



KEY PRACTICES	VARIANCE FROM 2023*	2024
Have a process to identify and manage ESG risks	=	83%
Actively engage and manage ESG issues with investees	=	55%

*Variance is defined as a material increase or decrease in percentage change (i.e., +/- 10%) compared to the 2023 research sample.

ESG Risk Management

(continued)

KEY INSIGHTS

The IFC Performance Standards are the most commonly adopted ESG industry standard among verified investors (41%), followed by IFRS S1/SASB (29%) and the UN Guiding Principles for Business and Human Rights (18%) (See Figure J).

FIGURE J

Use of ESG Industry Standards and Frameworks

ESG INDUSTRY STANDARDS AND FRAMEWORKS	% OF INVESTORS ALIGNED
IFC Performance Standards	41%
IFRS S1/Sustainable Accounting Standards Board (SASB)	29%
UN Guiding Principles for Business and Human Rights	18%
OECD Guidelines for Multinational Enterprises	14%
Other ESG Industry Standard	9%
B. Impact Assessment (BIA)	8%
Global Reporting Initiative (GRI)	5%

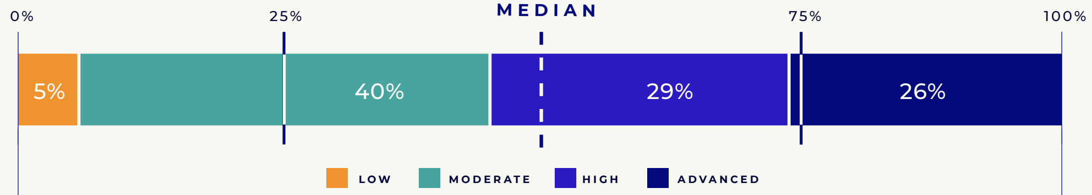
(N=111)

IMPACT MONITORING AND MEASUREMENT

Impact Monitoring & Measurement

Collecting impact data and monitoring the progress of investments in line with impact expectations is a core practice for understanding the impact being achieved and engaging accordingly when monitoring indicates underperformance. Additionally, gathering input from affected stakeholders helps to contextualize impact data and validate impact outcomes achieved.

PRACTICE MEDIAN	HIGH



KEY PRACTICES	VARIANCE FROM 2023*	2024
Monitor impact data against expectations or a target	=	58%
Solicit input from end-stakeholders to validate impact outcomes	=	35%

Variance is defined as a material increase or decrease in percentage change (i.e., +/- 10%) compared to the 2023 research sample.

KEY INSIGHTS

Advanced impact performance monitoring practices are on the rise, as evidenced by the top quartile rating for the Impact Monitoring practice area shifting from a High to an Advanced this year. Over half (58%) of investors compare impact data against targets allowing them to more effectively assess progress, drive engagement, and report on impact results.

35% of verified investors solicit impact data directly from end-stakeholders, compared to 32% in last year's sample and just 11% in 2021. Investors do this through a variety of methods[20] (e.g., through end-customer surveys, community forums, or specialized evaluations), highlighting the growing number of engagement tools and recognition that this practice is key to effective impact management and monitoring

20 BlueMark and 60 Decibels (2023): How three impact investors engage their most important stakeholders to validate impact.

Impact Monitoring and Measurement

(continued)

KEY INSIGHTS

IRIS+ still remains the most utilized taxonomy for impact metrics at a 55% adoption rate. Nearly a third of investors (30%) use standards other than IRIS+, GRI, and HIPSO, indicating that the market has not yet converged upon a standard set of impact metrics, with many investors customizing existing frameworks to suit specific needs of their investees (See Figure K).

While investors most commonly collect impact data annually, approximately a third of verified investors gather data from investees on a quarterly basis (See Figure L). The frequency of this practice is largely influenced by data availability and demand from LPs.

FIGURE K

Industry Standards used for Monitoring and Measurement

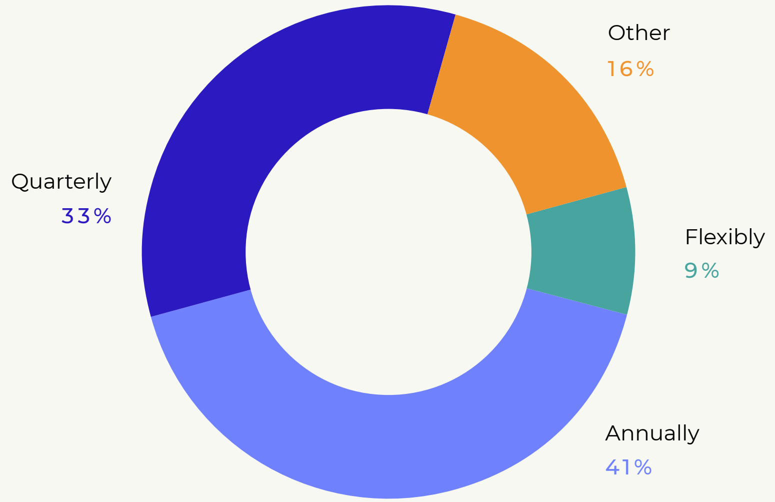
	% OF INVESTORS ALIGNED
IRIS+	55%
Other	30%
Harmonized Indicators for Private Sector Operations (HIPSO)	19%
Global Reporting Initiative (GRI)	14%

(N=111)

FIGURE L

Frequency of Data Collection from Investees

% of investors aligned (N=111)



SERVICES SPOTLIGHT

Reporting Verification

In an increasingly sophisticated impact investing market, reliable and comparable impact reporting is paramount in helping investors understand progress, opportunities, and risks of investments.

ALIGNING IMPACT REPORTING TO NEW NORMS

Balancing the call for standardized reporting with the need to appropriately contextualize investment results remains a common struggle for impact investors. The release of Impact Frontiers' Impact Performance Reporting Norms (the Norms) in April 2024 was a pivotal development for the impact investing industry—providing guidance and a structure for organizing impact reports as well as guidelines for independent reviewers that assess the reports.

OUR APPROACH

BlueMark's reporting verification methodology, based initially on our *Raising the Bar* research findings, has been adapted to ensure alignment with the Norms in order to assess the quality of investors' impact reports. In addition to benchmarking clients' degree of adoption against the Norms, the verification process also assesses the extent to which an investor's reporting outputs are consistent with their overall impact strategy.

This service delivers an objective evaluation of a report's strengths and areas for improvement based on two key pillars: completeness and reliability. As part of the assessment, BlueMark provides ratings for four sub-pillars (impact strategy, impact results, data clarity, data quality) to allow investors to gauge their adherence to best practices and compare their performance with peers.

CLIENT SPOTLIGHT **DEG**

DEG[21], a German development finance firm, engaged BlueMark to conduct a diagnostic assessment of their impact reporting approach. This exercise involved BlueMark's review of a selection of reporting materials and documents related to DEG's impact strategy and data collection protocols. BlueMark also interviewed key staff members to understand their roles and responsibilities and their goals related to impact reporting.

Our resulting assessment and recommendations provided DEG with a practical roadmap for improving the quality of its reporting, ensuring DEG's reporting clearly, completely, and accurately communicates its impact across a diverse portfolio and to a broad range of stakeholders. BlueMark's deliverables also included examples from publicly available impact reports to illustrate best practices.

21 Deutsche Investitions- und Entwicklungsgesellschaft mbH

IMPACT AT EXIT

Sustaining Impact at and Beyond Exit

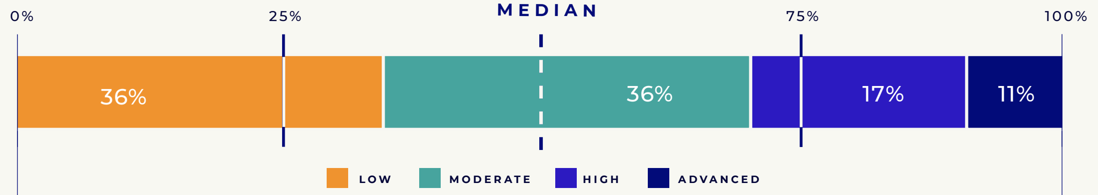
Having an approach to sustaining impact at and beyond exit is a critical practice to help investors ensure that the impact generated by their investment can continue and expand beyond their investment period.

KEY INSIGHTS

While Impact at Exit remains the practice area with the greatest proportion of Low scores in the Benchmark, key practices have made gains over the past three years. Changes in underlying practices were relatively muted from last year, however, the overall percentage of verified investors that have an approach to sustaining impact at exit has increased to 64% (from 57% in 2021). Further, the percentage of investors identifying potential actions to ensure impact is sustained at and beyond exit has risen to 29% (from 17% in 2021).

Practice varies widely across asset classes and is reflective of the degree of control or influence an investor has, with 63% of private equity investors having an approach to sustaining impact and only 50% of private debt investors reporting the same. Adoption of this practice is compared across additional market segments in the following section.

PRACTICE MEDIAN | MODERATE



KEY PRACTICES	VARIANCE FROM 2023*	2024
Have an approach to sustaining impact at exit	=	64%
Identify potential actions to ensure impact is sustained at and beyond exit	=	29%

*Variance is defined as a material increase or decrease in percentage change (i.e., +/- 10%) compared to the 2023 research sample.

IMPACT AT EXIT

Impact Review and Learning

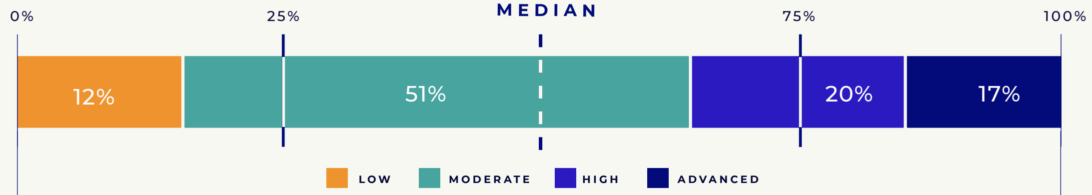
Consistent review of impact performance gives investors a chance to learn from their investment decisions and impact performance data. It subsequently allows them to improve strategic, operational, and management processes and to ensure continual optimization of their approach for driving outcomes.

KEY INSIGHTS

Almost all verified investors (90%) have a process for reviewing each investment's impact performance. Slightly more than half (51%) use learnings from these reviews to improve their approach, such as by refining their theory of change or regularly adapting their impact management tools, which is a sharp increase from 39% in 2023.

Only 11% of investors in the sample include a discussion of unintended impacts as part of their review process, signifying that investors still have room for improvement in systematically evaluating unintended positive or negative impacts that result from their investments.

PRACTICE MEDIAN | MODERATE



KEY PRACTICES	VARIANCE FROM 2023*	2024
Consistently review each investment's impact performance	=	90%
Review unintended impacts to refine strategy/approach	↓	11%
Use impact review findings to improve processes and strategy	↑	51%

*Variance is defined as a material increase or decrease in percentage change (i.e., +/- 10%) compared to the 2023 research sample.

SERVICES SPOTLIGHT

Introducing Fund ID

BlueMark's **FUND ID** is a new tool to comprehensively analyze, benchmark, and manage a funds' impact performance using one unified assessment framework.

A holistic assessment of fund-level impact

Responding to demand for a holistic assessment of the impact features of investment funds, BlueMark developed the Fund Impact Diagnostic (ID). The Fund ID is a first-of-its-kind benchmarking tool that examines the key impact and ESG characteristics of a fund, with the aim of bringing increased credibility, objectivity, and transparency to the strengths and gaps associated with different sustainable and impact investment products.

The assessment methodology brings together best practice expectations across four key pillars of accountability—**strategy, governance, management, and reporting**—and is anchored in a broad range of industry standards (e.g., Operating Principles for Impact Management, SDG Impact, Impact Frontiers Reporting Norms, Principles for Responsible Investment) and regulations (e.g., SDR, SFDR).

FUND ID SEALS

Our approach

The outputs of the Fund ID include an overall rating—**Platinum, Gold, Silver,** or **Bronze**—which is calculated by totaling the score earned across underlying criteria in each of the four assessment pillars—as well as pillar-specific ratings.

For asset managers, the assessment output offers an objective perspective on the strengths and limitations of a fund's approach, including their scores on individual elements and tailored benchmarking data to help evaluate their approach relative to peers and the market more broadly. Fund ID assessments can also support asset allocators' impact management by offering comparable and objective insights into fund performance for due diligence, management and engagement, and reporting purposes.

Fund ID is designed to be completed on an annual basis to enable performance tracking over time and can be applied to both funds actively fundraising and those with active portfolios.

CLIENT SPOTLIGHT

S2G Ventures

At the start of 2024, S2G Ventures engaged BlueMark in a combined verification and Fund ID process to assess the firm's adoption and implementation of impact management best practices. BlueMark reviewed S2G's impact and ESG systems by examining documented policies and practices, as well as interviewing the firm's team members for additional insights. The resulting Fund ID report provided overall ratings across impact strategy, governance, management, and reporting, alongside actionable recommendations to enhance S2G's impact performance.

Insights *by* Market Segment

Peer benchmarking can serve as a powerful research and learning tool for investors looking to improve their impact management practices and processes.

This section uses indicators from the **BlueMark Practice Dashboard** *to compare the relative adoption of key impact practices across investor type, asset class, and target geography.*

Benchmarking Practice by Market Segment

In the following section, we have analyzed the prevalence of eight key practices across three investor characteristics: investor type, asset class, and target geography. The practices spotlighted represent a subset of the full set of 20+ practice indicators we assess and compare when conducting verifications with clients and were selected based on market demand and observed areas of variance.[22]

1. Create a theory of change with supporting evidence
2. Link staff incentive systems to impact performance
3. Assess investor contributions to the impact of each investment
4. Assess impact risks related to each investment
5. Actively engage and manage ESG issues with investees
6. Monitor impact data against expectations or a target
7. Have an approach to sustaining impact at exit
8. Review unintended impacts to refine strategy/approach

BENCHMARKING PRACTICE THROUGH DATA+

BlueMark's Data+ Service provides clients with custom practice dashboards and benchmarks to offer more detailed insights into the prevalence of specific impact practices relative to the overall verified market and peers.

These custom data cuts can be tailored to different market segments and peer groups, including based on investor type, target financial return, target geography, investment strategy, asset class, and impact themes.

22 For an overview of BlueMark's methodology and 2024 data sample, please refer to the Appendix.

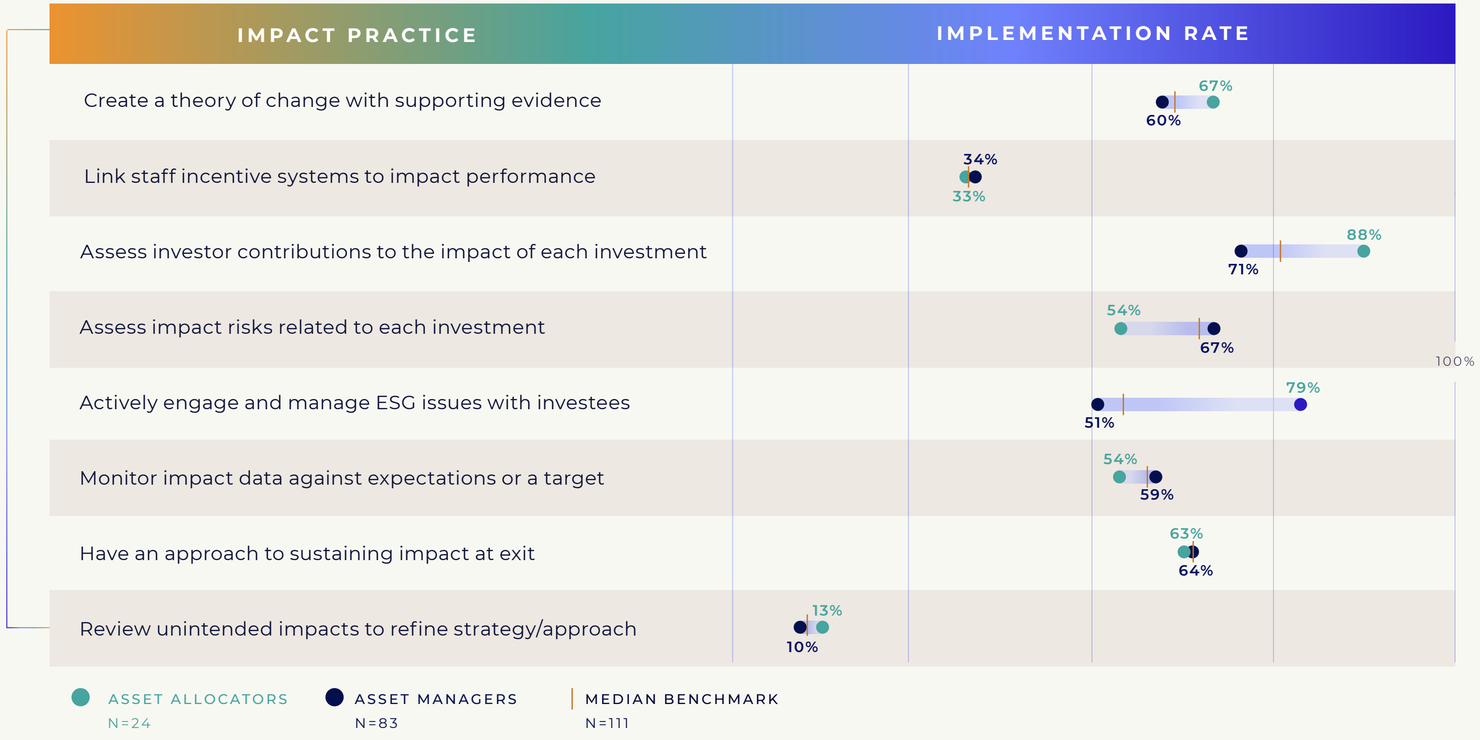
PRACTICE COMPARISON

Investor Type

For investor type, we compare the implementation rates of key practices between impact asset allocators and impact asset managers[23] to illustrate how different investor types approach impact management. While asset allocators are a relatively small and varied sample (24 clients, including DFIs, Foundations, and Wealth Managers), our practice comparison suggests that impact allocators can demonstrate higher levels of adoption for key impact practices, particularing assessing their investor contribution and engaging with investees on ESG.

FIGURE M

Impact Practices of Asset Allocators vs Asset Managers



22 Four investors in the overall sample of 111 do not categorize themselves as either asset managers or asset allocators.

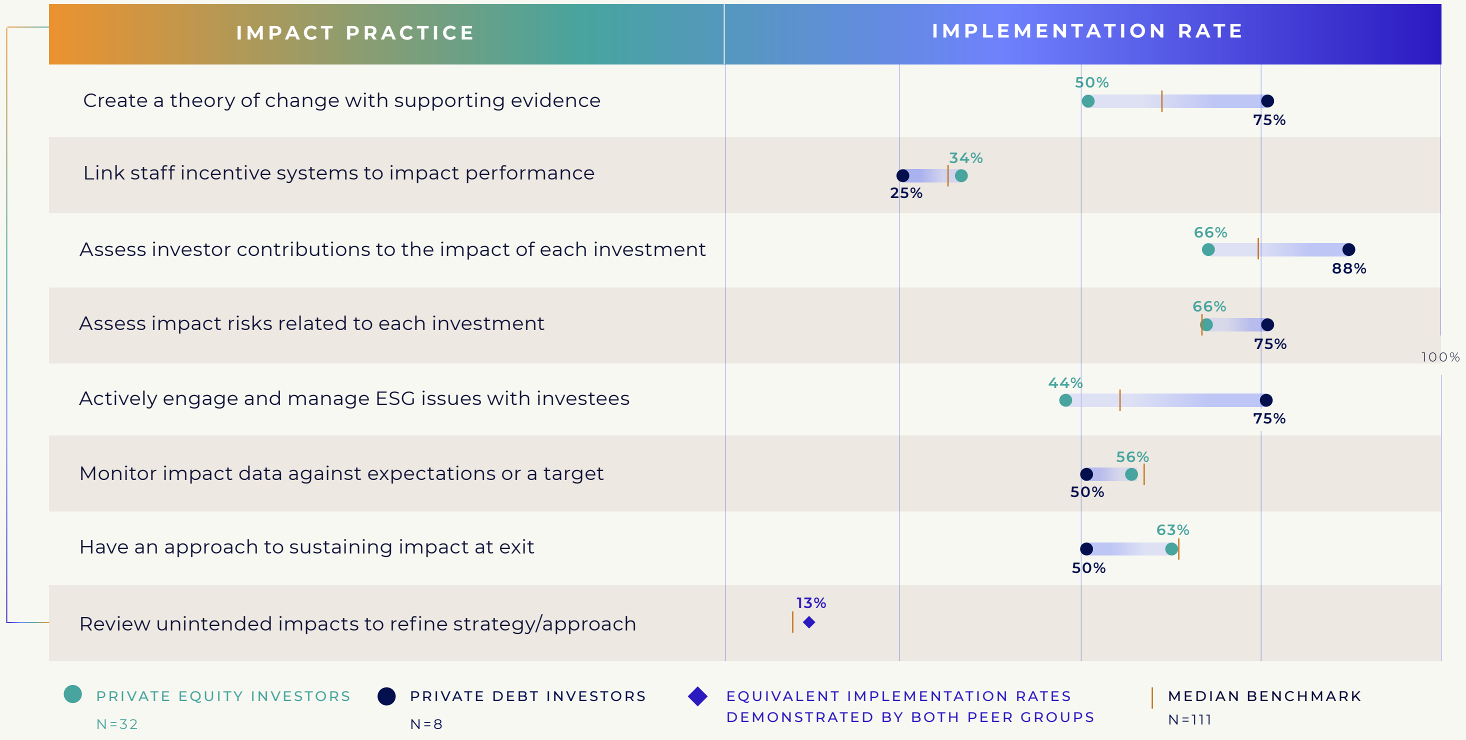
PRACTICE COMPARISON

Asset Class

For asset class, we compare the implementation rates of key practices between debt investors and private equity investors[23] to illustrate how investing in different asset classes may influence approaches to impact management. Our relatively small cohort of private debt-only impact managers (n=8) demonstrate leading practice in the market, particularly as it relates to managing ESG and impact risks, although private equity managers outperform their private debt peers in certain areas, such as monitoring impact performance and responsible exits.

FIGURE N

Impact Practices of Private Debt vs Private Equity Investors



23 The "private debt" investors in this comparison invest exclusively in private debt as an asset class and the "private equity" investors invest exclusively in private equity.

SERVICES SPOTLIGHT

Sustainability-linked Financing

Sustainability-linked financing is a growing trend in the debt market that allows investors to ensure impact outcomes through financial incentives for borrowers.

A SWIFTLY-MATURING MARKET

Sustainability-linked Loans (SLL) and ESG-linked Loans (jointly referred to as sustainable loans) are two examples of loan instruments that have grown in popularity over the past few years, with deal volumes tripling since 2020.[24]

These types of loans are intended to promote accelerated sustainability outcomes by providing financial incentives for borrowers to achieve predetermined social and environmental results. Borrowers who meet or exceed their targets see a decrease in the loan's interest rate, while missed targets can result in increased interest rates, depending on the mechanism.

As sustainable loan volumes have grown, so has the need to protect the integrity of the instrument. The 2023 Sustainability-linked Loan Principles[25] (SLLP) clarified what it means to use the SLL label, defining expectations associated with the selection of KPIs and targets as well as the reporting and verification of results.

OUR APPROACH

In line with broader market trends, BlueMark's clients are making use of sustainable loan products—both pursuing the SLL label and preparing for it through ESG-linked loans that are not subject to SLLP requirements.

We leverage our expertise in impact management to support clients during both the origination and reporting phases. In the pre-issuance phase, we work with clients to evaluate the relevance, measurability, and ambition of KPIs and targets. In the post-issuance phase, we verify the reported results for KPIs in relation to those targets.

CLIENT SPOTLIGHT

LGT Private Debt

BlueMark worked with LGT Private Debt (PD), an affiliate of LGT Capital Partners, to conduct an independent assessment of the proposed terms of an SLL for a credit facility that sits alongside one of its funds. BlueMark conducted a pre-signing review of the terms' alignment with the SLLP, allowing LGT PD to defend the relevance and ambition of its proposed KPIs and targets to its lenders. BlueMark additionally serves as a preferred provider of these assessments when LGT PD seeks an ex-ante review of the ESG or impact-linked margin ratchets in its loan agreements, or requires independent verification of a borrower's eligibility for a margin adjustment based on their performance against agreed targets.

A full case study on our engagement with LGT PD can be found on the BlueMark website.[3]

24 BBVA Corporate & Investment Banking (2024): Green & Sustainability Linked Loan Newsletter

25 LSTA (2023): Sustainability-linked Loan Principles

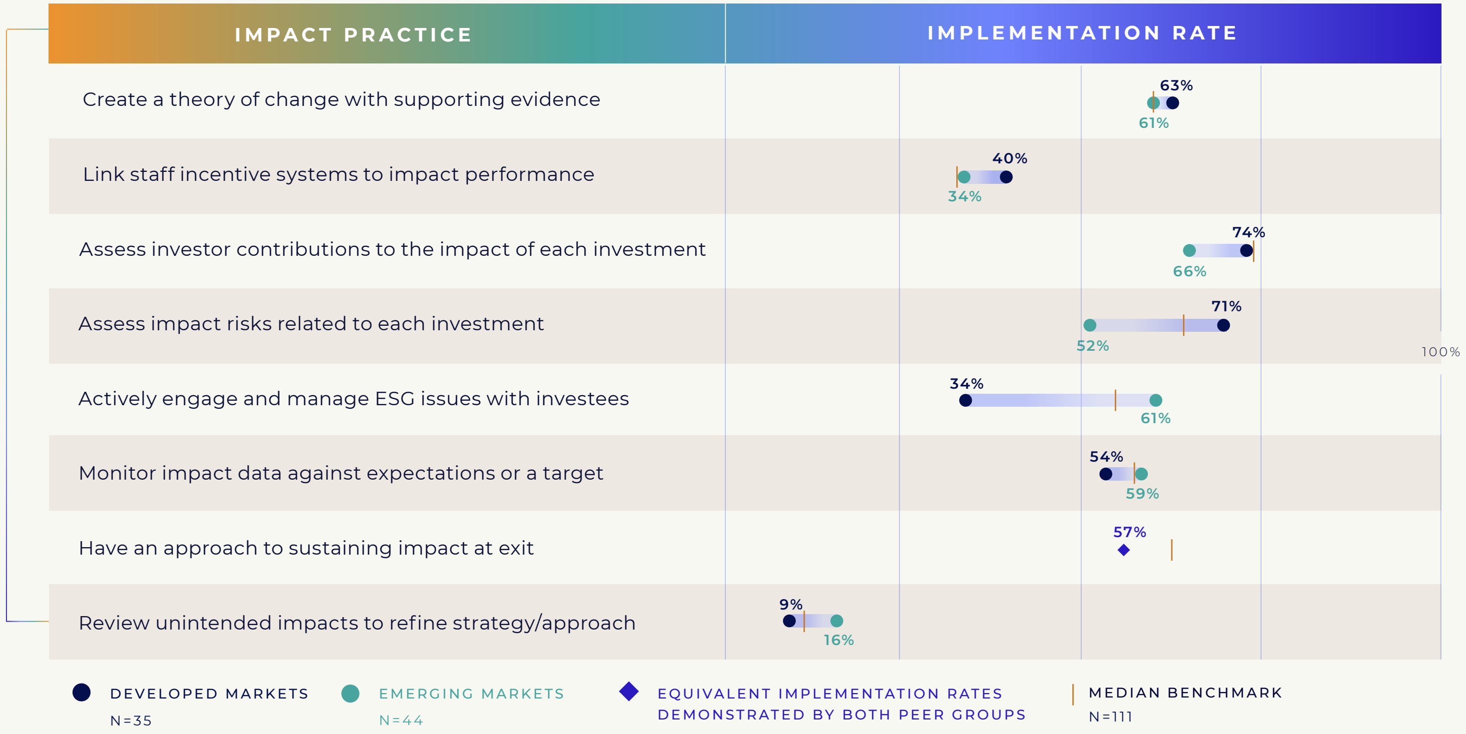
PRACTICE COMPARISON

Target Geography

For target geography, we compare the implementation rates of key practices between investors in developed markets versus emerging markets[26] to illustrate how investing in different target geographies may influence approaches to impact management. BlueMark's sample includes a greater number of investors focused on emerging markets, who noticeably have considerably higher implementation rates for actively engaging and managing ESG issues than developed markets investors. Conversely, investors tend to focus more on assessing impact risk (or the likelihood of impact not occurring) when operating in a developed markets context.

FIGURE O

Impact Practices of Developed Markets vs Emerging Markets Investors



26 The "developed markets" investors in this comparison invest exclusively in developed markets and the "emerging markets" investors invest exclusively in emerging markets.

Appendix

VERIFICATION AND RATING METHODOLOGY

Verification Methodology and Sample

BlueMark assesses the extent to which an investor's impact management tools and processes are aligned with best practices and market standards in impact investing and ESG, using a proprietary rubric informed by:

- Impact investing and ESG industry standards and frameworks[27];
- BlueMark's proprietary assessment criteria; and
- BlueMark's retained knowledge of the state of impact management practices

The inputs to BlueMark's verification analysis include interviews with relevant client staff and reviews of policy documents and templates, and documents associated with a sample of transactions. These inputs are then assessed against our proprietary rubric to assign a set of ratings against key impact practice areas (see "BlueMark's Rating Scale"). BlueMark reviews and updates our rating criteria and methodology each year to ensure continued alignment with latest industry practice and standards.

OUR DATA SAMPLE AND ANALYSIS

The 2024 Making the Mark sample represents BlueMark's 111 most recent practice verifications across 99 clients as of March 15th, 2024, excluding 23 verifications for investors that have been re-verified to avoid double-counting.

Changes over time in the distribution of our verification ratings and in the reported prevalence of certain impact practices are typically due to a combination of factors including changes in the adoption of impact practices in the market, shifts in the composition of our client base, and modifications to our rating methodology. We have included commentary throughout the report that offers our assessment of the key contributing factors to observed changes. Further, we undertook a data cleaning exercise in 2023 to more accurately profile and benchmark our clients going forward, which resulted in certain changes to historical data that have been footnoted in the report.

Selection for commentary in Making the Mark analysis is based on material changes over time (+/- 10% percentage change) from last year's report or from 2021 baseline data that was observed to be due to shifts in client and market practice. Updates in our proprietary rating methodology also resulted in certain downward shifts in practice data.

BlueMark's Rating Scale

ADVANCED	*Limited need for enhancement*
HIGH	*A few opportunities for enhancement*
MODERATE	*Several opportunities for enhancement*
LOW	*Substantial enhancement required*

For more information on this year's data sample, *see pages 46-47 in the Appendix.*

27 The standards and frameworks used to inform BlueMark's assessment of each client's impact management system include the Impact Management Project, the Operating Principles for Impact Management, the Principles for Responsible Investment, SDG Impact, and the EU Sustainable Finance Disclosure Regulation, among others.

BlueMark's Practice Verification Clients[28]

ABC Impact

Actis

Adams Street Partners

AgDevCo

Albright Capital Management

Altitude Ventures

Apollo Global Management, Inc.

Aqua Capital

Astanor

Bain Capital Double Impact

Big Society Capital Limited

Bintang Capital Partners

Blue Earth Capital AG

BlueOrchard

BlueOrchard Finance Ltd.

Bridges Outcomes Partnerships

British International Investment

Calvert Impact

Cazenove

Clime Capital Management Pte Ltd

Closed Loop Partners

Coeli Circulus

Community Investment Management LLC

Credit Suisse

DEG - Deutsche Investitions- und Entwicklung gesellschaft mbH

Development Partners International LLP

DFC | U.S. International United States Development Finance Corporation

Dream Unlimited Corp.

DWS Country - Specific Clean Energy Fund

DWS Sustainable Agriculture Strategy

DWS Sustainable Energy Strategy

Elevar Equity

European Bank for Reconstruction and Development (EBRD)

European Development Finance Institutions (EDFI)

Finance in Motion

FinDev Canada

Finnish Fund for Industrial Cooperation (Finnfund)

For Purpose Investment Partners

Franklin Templeton

FullCycle Climate Partners

GLIN Impact Capital

HealthQuad

ImpactA Global

Insitor Partners

Invest in Visions

Jonathan Rose Companies

Kohlberg Kravis Roberts & Co. L.P.

LeapFrog Investments

LGT Venture Philanthropy Foundation

LightRock

M&G Catalyst

MedAccess

Microvest

MPM-BioImpact Capital

MUFG

New Forests

Norfund

Novastar

Nuveen, a TIAA company
-Nuveen Fixed Income Impact
-Nuveen Private Equity Impact Investing
-Nuveen Real Estate - Impact Investing

Omnivore

Partners Group AG

Planet First Partners SCA

Private Infrastructure Development Group

Proparco

Prudential Financial, Inc. - Impact & Responsible Investing

Quadriga Capital

Quona Capital Management Ltd.

Radicle Impact Partners

Schroders Asset Management

Scottish National Investment Bank

Seae Ventures

SEAF

Shinsei Impact Investment Limited and Japan Social Innovation and Investment Foundation (SIIF) - Japan

Impact Investment II Limited

Partnership (Hataraku Fund)

St. Cloud Capital Partners

SuMi Trust

Summa Equity

Summit Africa

The Investment Fund for Developing Countries (IFU)

The Osiris Group

The Rockefeller Foundation's Zero Gap Fund

Tomorrow Capital

TowerBrook Capital Partners

Trill Impact

Tsao Family Office

Two Sigma Impact

UBS Group AG

Van Lanschot Kempen

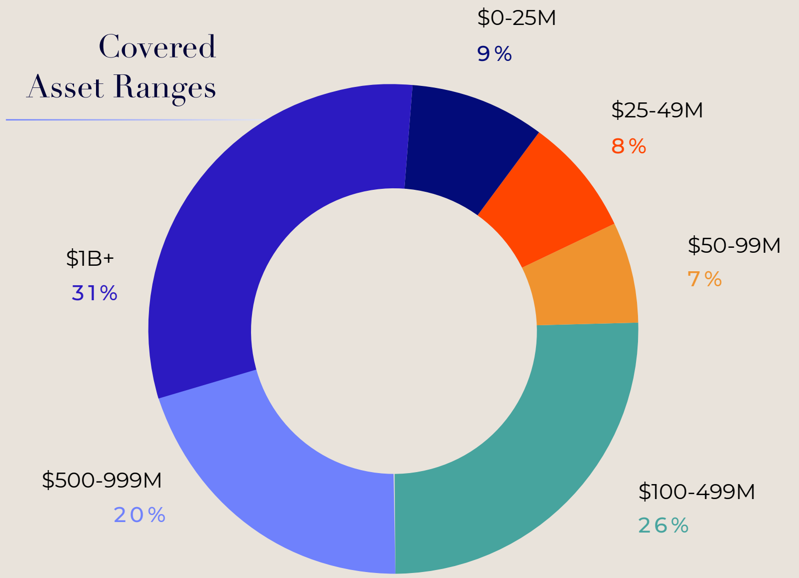
Vital Capital

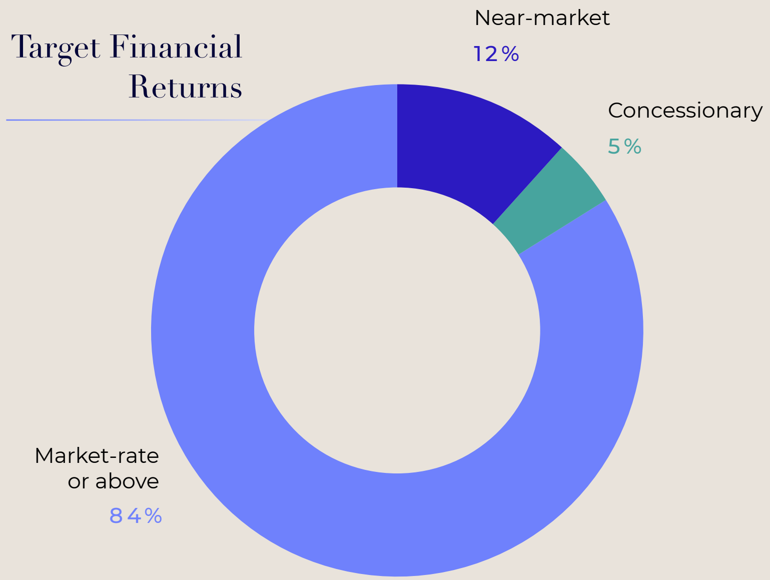
Vox Capital

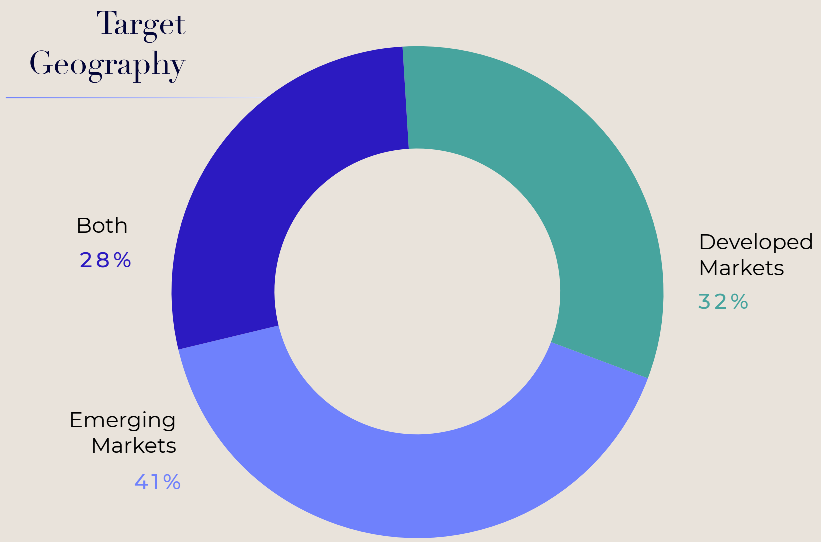
Women's World Banking Asset Management

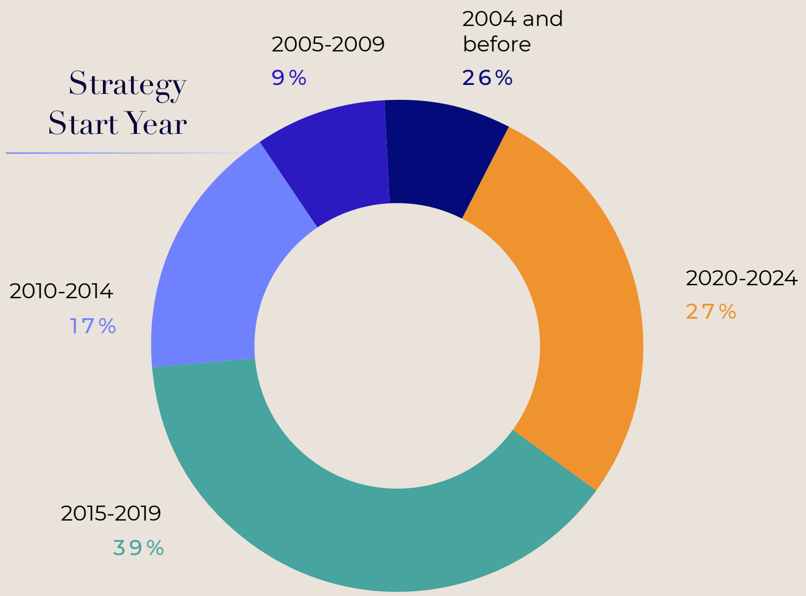
28 BlueMark has completed 111 practice verifications for 99 firms as of March 2024. These figures include several unnamed firms, firms that received multiple verifications for distinct strategies or funds, and firms that have been re-verified. Some verifications were commissioned by asset alloca-

Profile of Practice Verification Clients

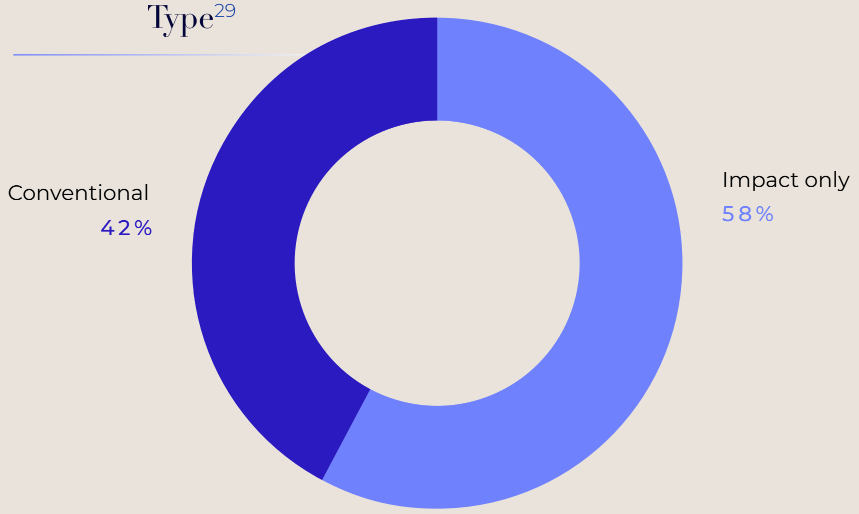




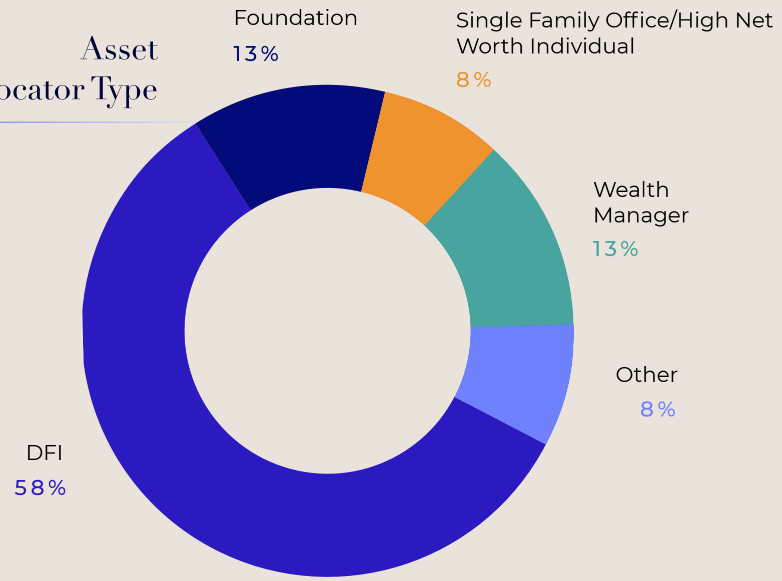




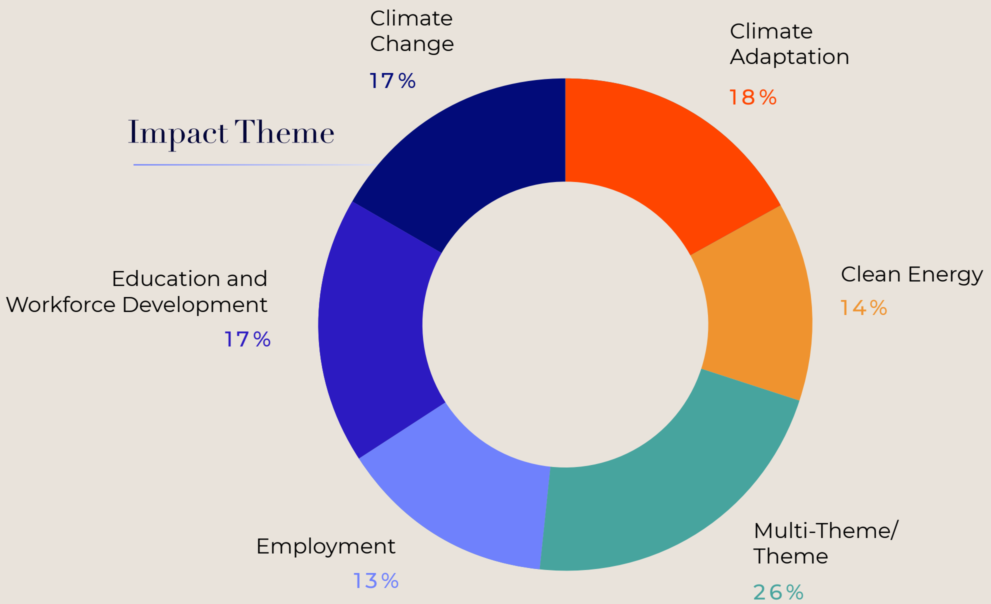
Asset Manager Type[29]



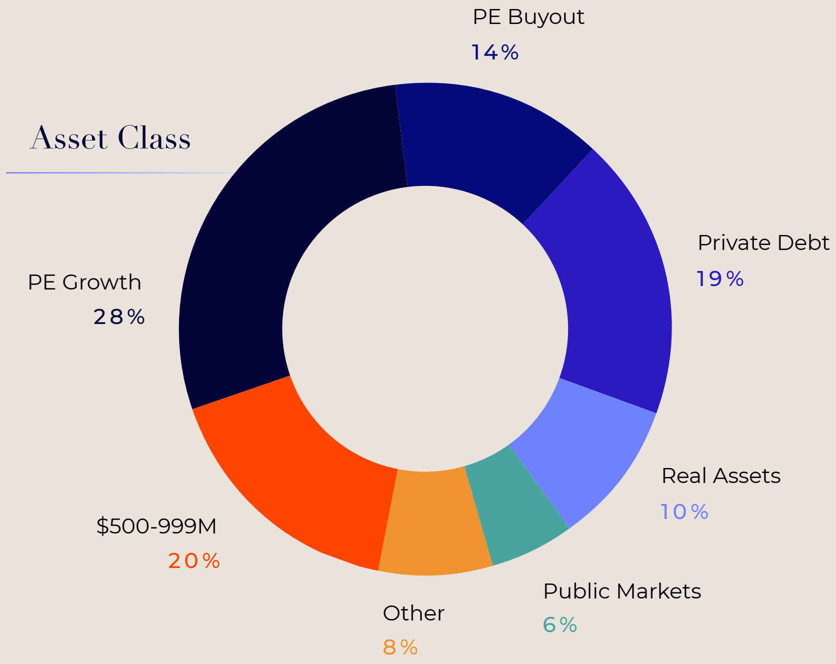
Asset Allocator Type



Impact Theme



Asset Class



29 "Conventional" asset managers are defined as those that manage a range of traditional and impact products, while "impact-only" managers are defined as those that only manage impact products.