

Verifier Statement

Independent Verification Report

Prepared for BSC: 25th March 2025

Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)¹, BSC engaged BlueMark to undertake an independent verification of the alignment of BSC's impact management (IM) system with the Impact Principles. BSC's assets under management covered by the Impact Principles (Covered Assets) totals £690 million², for the period ending 31st December 2024

Summary assessment conclusions

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

Principle 1: BSC clearly articulates its aim to build an investment ecosystem that supports enterprises to improve people's lives through a strategy that spans four Market Systems: Social Lending, Social Property, Impact Venture and Social Outcomes Contracts.

Principle 2: BSC has a structured approach for portfolio-level impact comparison and explicitly considers impact management in performance evaluations.

Principle 3: BSC has a structured approach to evaluate expected investor contribution ex-ante and contribution activity is regularly reviewed ex-post in Performance Committee meetings.

Principle 4: BSC's ex-ante process includes pre-DD to assess strategic fit, a DD record and toolkit to test investments' impact and systems change theses, an impact canvas to establish reporting requirements and engagement plans, and an Investment Committee.

Principle 5: BSC applies a structured ex-ante ESG assessment, including ESG DDQs and checklists. Post-investment, ESG risks are monitored through Annual Impact Conversations and Performance Committee meetings.

Principle 6: BSC collects output data through investments' performance reporting and in meetings with fund managers. Performance is reviewed in Annual Performance Committee meetings, and BSC has recently developed an impact scoring framework.

Principle 7: BSC has a Responsible Exits Framework and exit assessment template to assess the continuity of impact after exit. To further align, BSC should expand on its exit assessment to include the influence of exit structure and actions taken through the holding period on impact continuity.

Principle 8: BSC has a standardised annual reporting process and a robust approach for identifying learnings from investment activity.

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 BSC's 2024 OPIM Disclosure Statement as of 19th March 2025. BlueMark's assessment did not include verification of the AUM figure.

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Detailed assessment conclusions

The chart below summarises findings from BlueMark’s verification of BSC’s extent of alignment to the Impact Principles, using the following four ratings:³

- Advanced (Limited need for enhancement);
- High (A few opportunities for enhancement);
- Moderate (Several opportunities for enhancement); and
- Low (Substantial enhancement required).⁴

Principle	Alignment
1. Define strategic impact objective(s), consistent with the investment strategy	ADVANCED
2. Manage strategic impact on a portfolio basis	ADVANCED
3. Establish the Manager's contribution to the achievement of impact	ADVANCED
4. Assess the expected impact of each investment, based on a systematic approach	ADVANCED
5. Assess, address, monitor, and manage potential negative impacts of each investment	ADVANCED
6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately	ADVANCED
7. Conduct exits considering the effect on sustained impact	HIGH
8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned	ADVANCED

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

⁴ The decision to publicly disclose the results of BlueMark’s detailed assessment, and the specific ratings assigned to each Principle, is left to the sole discretion of BSC.

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Assessment methodology and scope

BSC 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 March 2025. 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.⁵

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 BSC staff responsible for defining and implementing the IM system;
3. Testing of selected BSC transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to BSC, 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 BSC in accordance with the agreement between our firms, to assist BSC in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit BSC to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate BSC’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 BSC 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.

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