Disclosure Statement

Operating Principles for Impact Management ("Impact Principles")

November 2022

BlueOrchard Finance Ltd ("BlueOrchard") hereby affirms its status as Signatory of the Operating Principles for Impact Management (the “Impact Principles”).

This Disclosure Statement applies to the BlueOrchard Microfinance Fund ("BOMF") as well as all BlueOrchard’s listed debt strategies.

The total assets referred to in this statement (the “Covered Assets”) equal to USD 3.0 billion as per the Net Asset Value rounded of the BlueOrchard Microfinance Fund, BlueOrchard UCITS Emerging Markets SDG Impact Bond Fund and Schroder International Selection Fund BlueOrchard Emerging Markets Climate Bond as of September 2022.

Maria Teresa Zappia
Deputy CEO
Chief Impact & Blended Finance Officer
BlueOrchard Finance Ltd.
30 November 2022

Principle 1
Define strategic impact objective(s), consistent with the investment strategy
The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and
investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

About BlueOrchard
BlueOrchard is a leading global impact investment manager and member of the Schroders Group. As a pioneering impact investor, the firm is dedicated to generating lasting positive impact for communities and the environment, while providing attractive returns to investors. BlueOrchard was founded in 2001, as the world’s first commercial manager of microfinance debt investments and today manages the largest microfinance fund in the world: the BlueOrchard Microfinance Fund. Twenty years later, the firm offers impact investment solutions across asset classes, connecting purpose driven capital with millions of entrepreneurs in emerging and frontier markets. Being an expert in innovative blended finance mandates, the firm has a sophisticated international investor base and is a trusted partner of leading global development finance institutions.

BlueOrchard has always placed a strong emphasis on maintaining first class in-house due diligence. Its high quality investment and risk management processes are the basis for a twenty year track record of stable returns. All BlueOrchard diligence tools have been internally developed and benefit from the accumulated experience of its talented professionals. The BlueOrchard Financial Strength and Credit Scoring System (BOSCO) and the B.Impact Framework have been regularly evaluated by investors and are consistent with industry best practice.

As an impact investment manager operating on a global scale, BlueOrchard promotes an inclusive company culture. With more than 35+ nationalities and 30+ languages represented, BlueOrchard considers the cultural diversity of its team as one of its core strengths. Furthermore, the firm grants equal career development opportunities to women (52% of staff) and men, with fair, non-discriminatory promotion criteria in place. BlueOrchard maintains permanent local presences in the various markets in which it operates, in order to be close to its investments and understand the local context.

B.Impact Framework
Over time, BlueOrchard has developed, implemented and refined a strong ESG and impact performance management practice with proprietary management tools that track its impact and ESG footprint in terms of enhanced social and environmental impact and financial returns for both its investors and investees.

To systematically assess the impact of each current and prospective investee and identify potential for improvement, BlueOrchard has developed its proprietary B.Impact framework. The main pillars of the B.Impact framework include the enhancement of BlueOrchard’s historic proprietary SPIRIT tool into dedicated SPIRIT ESG and SPIRIT Impact scorecards. These
scorecards have been developed to evaluate relevant and material ESG and Impact factors across all BlueOrchard’s asset classes and impact themes.

The SPIRIT ESG scorecard assesses the ESG risks in relation to the company considered and produces a rating that is used as a key input for the origination and monitoring of investments. The SPIRIT Impact scorecard assesses the potential impact of each investment and follows the five dimensions of the Impact Management Project. It combines the investment intent with impact KPIs and information on the end beneficiaries. It also assesses BlueOrchard’s investment contribution while factoring potential unintended negative effects. The impact KPIs are mapped against the UN’s SDGs at both an individual company and overall fund level.
The BlueOrchard Microfinance Fund
The BlueOrchard Microfinance Fund (BOMF), founded in 1998, was the first private and fully commercial microfinance investment fund in the world. BOMF aims to foster financial inclusion of low-income groups and Micro, Small and Medium Enterprises (MSMEs) through private loans to Financial Institutions (FIs). BOMF supports FIs in expanding their outreach, improving the quality and suitability of their financial products, and encouraging the development of new products such as savings, insurance and payment services. BOMF was developed based on a triple bottom line approach, evaluating all investment opportunities under the risk, return and impact perspectives.
BOMF’s alignment with the SDGs reflects its contribution to 5 of the 17 SDGs, as presented below:

The BlueOrchard Listed Debt Strategies
BlueOrchard’s listed debt strategies incorporate issuers with strong ESG practices and an impactful business purpose as well as thematic bonds (Green, Social, Sustainable and Sustainability-linked) that target a specific topic at the heart of the fund’s investment intent. Through investing in listed debt, BlueOrchard aims to foster impact investing in public markets and to offer tangible impact investing strategies to a broad set of investors that seek to combine liquid investment opportunities with high impact potential.

Our listed debt strategies currently focus on increasing financial inclusion and support the transition to a low carbon economy, primarily contributing to the following nine SDGs:

Principle 2
Manage strategic impact on a portfolio basis
The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

Investing in private debt
BOMF provides debt financing to financial institutions in emerging markets, covering Africa, Latin America, Central and Eastern Europe, and Asia. Through BOMF, BlueOrchard invests in institutions that provide positive social and/or environmental impact, through financial inclusion.
As the first commercial manager of microfinance debt investments worldwide, BlueOrchard has built an unparalleled degree of expertise in fixed income impact investments in frontier and emerging markets. BOMF’s network and longstanding global relationships have enabled consistent selection of strong and socially valuable investment opportunities to deliver financial returns and social and environmental impact.

Investing in listed debt
Since 2018, BlueOrchard invests in listed debt. With greater liquidity than private debt, listed debt represents an alternative asset class, while also enabling tangible social and environmental impact. Listed debt is one of the largest asset classes with a high capacity to absorb capital inflows. Hence, it offers an investment universe that allows investors to diversify their risk with high liquidity. Similar to its private debt funds, BlueOrchard’s public debt funds currently invest mainly in bonds from emerging and frontier markets, covering Africa, Latin America, Central and Eastern Europe and Asia. As a pioneering impact investor, our presence and network in frontier and emerging economies has been developed over 20 years with our team presence across all continents. We invest in institutions that share our values and that consider positive social and environmental impact essential to their mission.

A dedicated team
BlueOrchard has a dedicated Investment Solutions team which collaborates closely with the Investment, Impact Management and Risk Management teams. The Investment Solutions team is responsible for the optimization and management of the portfolios of all BlueOrchard managed funds and mandates. Its main goal is to achieve target returns while ensuring adherence to investment guidelines and portfolio strategies in respect of both financial and impact performance.

The Investment Solutions team ensures that BlueOrchard’s investment activities are in line with its target portfolio allocations and leads the monthly Global Portfolio Meeting which provides insight into the portfolio, investment, and financial and impact performance developments for all BlueOrchard funds and mandates.

The independent Impact Management Team is responsible for managing ESG and impact assessments for each investee and works closely with the Investment Team to ensure the impact management process (as presented below) is fully integrated in the overall investment process at both investee and fund levels.

Clear impact process
BlueOrchard has established a well-defined process to monitor impact performance at a portfolio level. On the private debt side, BOMF’s individual investment impact key performance indicators (impact KPIs) are aggregated through BlueOrchard’s proprietary management information system, BlueOrchard Financial Solution (BOFS). To ensure integrity of the investee’s financial and impact data, KPIs are available for each investment and can be easily aggregated to monitor the performance on a portfolio level.

On the listed debt side, the impact management process evaluates the impact on people and/or planet of the bond investments by collecting specific impact key performance indicators (KPIs)
as well as classifying investments in defined impact categories. The bottom-up proprietary SDG mapping tool, based on the impact KPIs, combined with an aggregated view on the impact categories allows to monitor the impact performance of the listed debt strategies on a portfolio level.

Wherever relevant and feasible, standardized indicators aligned with best industry practices (e.g. IRIS+, HIPSO, Joint Impact Indicators (JII), SASB) are used to assess impact performance, complemented with additional indicators where needed to fully capture impact both at investment and portfolio level.

Impact & ESG management process

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The B.Impact Framework is applied across the BlueOrchard’s portfolio, be it in private assets or in listed debt strategies.

For BOMF, portfolio level impact KPIs are regularly reported to senior management, to the BOMF Board of Directors, to investors in the fund, and to other key stakeholders.

For listed debt strategies, the SDG mapping and the alignment with the impact categories as well as aggregated results of the proprietary ESG and Impact Scores of the portfolios are regularly communicated to senior management, to the funds’ boards as well as to investors and other key stakeholders.

BlueOrchard’s commitment to incentivizing impact is reflected in the variable component of staff remuneration, which is calculated based on both financial and impact performance. In addition, the completeness and accuracy of the ESG and impact performance assessments are included among the KPIs evaluated during the annual review of Investment Officers as well as the annual review of the Impact Management Team.
Principle 3
Establish the Manager’s contribution to the achievement of impact
The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

Measurable impact
Sustainable and responsible investments are at the heart of BlueOrchard’s operations. The company strategy is unique, combining stable financial returns with fundamental social and environmental focus. Since inception, BlueOrchard has invested more than USD 10bn across more than 106 countries (as of 30 September 2022). Over 259mn poor and vulnerable people in emerging and frontier markets received access to financial and related services with the support of BlueOrchard as of September 2022.

The BlueOrchard Microfinance Fund
BOMF is BlueOrchard’s flagship product and represents the largest proportion of its assets under management. Its strategy is to invest in institutions that are delivering a positive social impact through the expansion of financial services to those who have historically not been able to access them.

The BOMF strategy consists of identifying promising socially responsible investees worldwide, and contributing to their growth and development while earning a stable financial return for investors through a risk-controlled, rigorous asset selection process.

BOMF’s contribution to achieving impact
BOMF’s contribution to each investment is assessed in the SPIRIT Impact scorecard, performed independently by the Impact Management Team, and includes explicitly a section on assessing investment contribution looking at the country of investment, currency, and financial additionality among other things. The results are outlined in each respective investment memo defining the opportunity, presenting the financial and impact case, and seeking approval from the relevant Credit Committees within the company.

BOMF’s contribution is presented in detail within BlueOrchard’s Impact Report. Some of the BOMF investees featured highlight the fundamental role that the fund has played in providing capital to investees who have been unable to access traditional financial markets, enabling them to grow and expand their outreach to underserved entrepreneurs and enterprises.

Listed Debt Strategies’ contribution to achieving impact
With its listed debt strategies, BlueOrchard aims to support the growth of impactful companies or impactful thematic bonds in emerging and frontier markets, tackling directly social or environmental challenges. Furthermore, through such investment activities, BlueOrchard highlights the importance of sustainability and impact objectives in listed debt issuances.

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1 For example, this may include: improving the cost of capital, active shareholder engagement, specific financial structuring, offering innovative financing instruments, assisting with further resource mobilization, creating long-term trusted partnerships, providing technical/market advice or capacity building to the investee, and/or helping the investee to meet higher operational standards.
The investment’s contribution assessments are an integral part of the B.Impact Framework for listed debt, using proprietary Impact assessment tools that focus on financial as well as non-financial elements for each individual bond. The results are summarized in a respective document, including a conclusion for approval or rejection of a specific listed instrument.

BlueOrchard’s public debt funds report on their sustainability and impact results in separate impact reports and/or monthly factsheets. In addition, the impact managers of the listed debt strategies frequently present to investors individual case studies of the portfolio to illustrate the investment’s contribution to the fund’s impact intent.

The BlueOrchard Academy
BlueOrchard is committed to increasing awareness of the need for broader financial inclusion and sharing its unique expertise in the field of impact investing. To that end, BlueOrchard has established the BlueOrchard Academy to provide knowledge, educational engagement, and access to research to graduate students with a demonstrable commitment to advancing the field of impact investment.

The Academy is committed to developing BlueOrchard’s partners and investors by means of continuous learning and education. Examples of BlueOrchard Academy initiatives include events such as investor field trips, white papers, impact reports, etc. Furthermore, the Academy actively partners with leading universities and research institutions.

Principle 4
Assess the expected impact of each investment, based on a systematic approach
For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact\(^2\) potential deriving from the investment. The assessment should use

\(^2\) Focus shall be on the material social and environmental impacts resulting from the investment. Impacts assessed under Principle 4 may also include positive ESG effects derived from the investment.
a suitable results measurement framework that aims to answer these fundamental questions:
(1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant
is the intended impact?\(^3\) The Manager shall also seek to assess the likelihood of achieving
the investment’s expected impact. In assessing the likelihood, the Manager shall identify the
significant risk factors that could result in the impact varying from ex-ante expectations.

In assessing the impact potential, the Manager shall seek evidence to assess the relative size
of the challenge addressed within the targeted geographical context. The Manager shall also
consider opportunities to increase the impact of the investment. Where possible and relevant
for the Manager’s strategic intent, the Manager may also consider indirect and systemic
impacts. Indicators shall, to the extent possible, be aligned with industry standards\(^4\) and follow
best practice\(^5\).

Impact assessment – BlueOrchard Microfinance Fund

BOMF assesses the expected impact of all individual investments in its portfolio via its SPIRIT
Impact scorecard and on-site due diligence. The process follows clear impact and ESG
procedures and is done as described in the fund investment guidelines. The investment decisions
are taken by the Credit Committee and are based on the information presented in the investment
and country memos.

The investment memo articulates key impact aspects of each investment:
- The intended impact is presented in the recommendation section for each investee. The
  loan purpose, if approved, is formalised and documented during the life of the loan.
- The result of the SPIRIT Impact scorecard, approved by the Impact Management Team.

The SPIRIT Impact scorecard is an assessment of the potential impact that each investment is
expected to achieve at the time of disbursement for the duration of the investment period. The
scorecard follows the five dimensions of the Impact Management Project\(^6\) and market best
practices in impact management. It combines the investment intent with impact KPIs and
information on the end beneficiaries. It also assesses BlueOrchard’s investment contribution while
factoring potential unintended negative effects. The impact KPIs are mapped against the UN’s
SDGs at both an individual company and overall fund level.

The country memo outlines on the geographical, social stability, and economic context. It also
includes characteristics of the MSMEs sector and highlights the sectors that continue to have
limited access to financing. The country analysis is performed by the Investment Team, based on
external sources and on-site due diligence trips.

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\(^3\) Adapted from the Impact Management Project (www.impactmanagementproject.com)

\(^4\) Industry indicator standards include HIPSO (https://indicators.ifipartnership.org/about/); IRIS (iris.thegiin.org);
GIIRS (http://b-analytics.net/hip-fiis-funds); GRI (www.globalreporting.org/Pages/default.aspx); and SASB
(www.sasb.org), among others.

\(^5\) International best practice indicators include SMART (Specific, Measurable, Attainable, Relevant, and Timely), and
SPICED (Subjective, Participatory, Interpretable & communicable, Cross-checked, Empowering, and Diverse &
disaggregated), among others.

\(^6\) Impact Management Project (Home | Impact Management Project)
Wherever relevant and feasible, standardized indicators aligned with best industry practices (e.g. IRIS+, HIPSO, Joint Impact Indicators (JII) SASB) are used to assess impact performance, complemented with additional indicators where needed to fully capture impact both at investment and portfolio level.

Key impact indicators are collected quarterly in BOFS, through an external web interface that allows investees to enter their impact data into the system. This data is reviewed and validated by the Investment Team and used to generate monitoring reports and investors’ updates.

Theory of change
BOMF demonstrates consistency between investment and impact strategy towards the achievement of the SDGs.

Impact assessment – Listed debt strategies
Prior to disbursement, besides an ESG assessment at the issuer level, BlueOrchard performs an assessment of the potential impact each investment is expected to deliver, the so-called Impact Scorecard. Defining and quantifying the impact intent of an investment is a fundamental step to understanding the contribution of it, throughout the investment period.

The Impact Scorecard is done at the level of the investment. It assesses each issuance on the five dimensions of the Impact Management Project, structured around (1) impact intent, (2) relevant impact KPIs, (3) End-beneficiaries, project scale and outreach, as well as effects on stakeholders, (4) contribution of BlueOrchard, and (5) relevant impact risks.

After a listed debt investment is made, issuers are closely and regularly monitored by the Impact Management Team and, when necessary, the Risk Team, to ensure ESG risks are detected and impact KPIs are adhered to.

The Impact Scorecard and the ESG assessment are updated on a yearly basis. As such, through the updating of the impact KPIs, the assessment provides insights into achievement and progress of positive impact of the investment.
BlueOrchard systematically integrates ESG and impact best practices across all investment activities following the publicly available Impact and ESG Framework, which has been developed in alignment with the IFC Performance Standards and IFC’s Interpretation Note on Financial Intermediaries.

The main pillars of the B.Impact framework include the enhancement of BlueOrchard’s historic proprietary SPIRIT tool into dedicated SPIRIT ESG and SPIRIT Impact scorecards. These scorecards have been developed to evaluate relevant and material ESG and Impact factors across all BlueOrchard’s asset classes and impact themes. Each investee has to reach minimum SPIRIT Impact and ESG scores, which define the impact and ESG eligibility criteria, to be included in the investment universe. This is also clearly stipulated in the products’ investment guidelines.

**BlueOrchard Microfinance Fund**

The SPIRIT ESG scorecard is completed prior to the investment by BlueOrchard’s investment officers together with the investees during the on-site due diligence. To ensure quality of data and no conflict of interest across BOMF’s global portfolio, SPIRIT ESG scorecards are reviewed and approved by the Impact Management Team prior to evaluation by the Credit Committees. The SPIRIT Impact scorecard is performed independently by the Impact Management Team, with input on impact potential provided by the investment officers.

The approved SPIRIT scorecards are included in the investment memo and submitted for the final investment decision.

Post-investment, ESG and impact data are collected on a quarterly basis for the monitoring of impact KPIs across the portfolio. The SPIRIT ESG scorecard is updated based on information from

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7 The application of good ESG management will potentially have positive impacts that may or may not be the principal targeted impacts of the Manager. Positive impacts resulting from ESG matters shall be measured and managed alongside with, or directly embedded in, the impact management system referenced in Principles 4 and 6.

follow on due diligence visits, along with the overall assessment of financial and social performance of the investee.

In cases of ESG underperformance, and when there is commitment for improvement from an investee, BOMF actively engages with and supports the institution in improving or developing missing policies or procedures. In our experience these engagements have a meaningful influence on the investee and support the investment decision making process within BlueOrchard.

**Listed debt strategies**

Prior to any investment, the Investment Solutions Team needs to seek approval for any issuance by the Impact Management Team from an ESG and impact perspective. The ESG and impact assessments are both performed independently by the Impact Management Team. Only if the minimum eligible score is reached, a particular issuance can be part of the investment universe.

The ESG analysis entails a sustainability risk assessment, looking at environmental, social and governance characteristics that could cause an actual or a potential material negative effect. It guarantees that the company meets certain minimum safeguards standards. The impact analysis assesses the potential impact of an investment and considers possible negative consequences on investment level.

The respective scorecards are stored, and the results are documented in a specific database for listed debt. ESG and impact risks are monitored through an annual reassessment combined with a real-time monitoring based on an external data provider. If minimum inclusion criteria are no longer met, a divestment or engagement with the issuer can occur.

The Impact Management Team can challenge issuers on ESG and impact characteristics identified during the analysis. Such engagement can take the form of oral or written communication and can be incorporated into a respective company assessment, in case the issuer has additional documentation available or credible demonstrates its approach further. BlueOrchard also sees engagement as a useful tool to communicate to companies any weaknesses identified in their ESG and impact performance and possible measures to improve both their ESG practices and impact performance.

**Three distinct attributions of impact investing**

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Principle 6
Monitor the progress of each investment in achieving impact against expectations and respond appropriately

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

BlueOrchard Microfinance Fund

Impact and ESG data on the BOMF portfolio are collected on a quarterly basis through BOFS. The system gives the user multiple views and enables tailored analysis on single investments as well as the overall fund portfolio.

Prior to any investment, regular reporting requirements are agreed with all investees and are built into the loan agreement. As such, the failure to provide this information can trigger a breach of agreement and can prevent future business between BOMF and the investee.

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9 Actions could include active engagement with the investee; early divestment; adjusting indicators/expectations due to significant, unforeseen, and changing circumstances; or other appropriate measures to improve the portfolio’s expected impact performance.

10 Outcomes are the short-term and medium-term effects of an investment’s outputs, while the outputs are the products, capital goods, and services resulting from the investment. Adopted from OECD-DAC (www.oecd.org/dac/).
In addition to regular data reporting requirements, all investees are monitored for financial and social covenant compliance and are subject to follow on due diligence visits, on average, every 24 months.

BOMF provides a monthly update to its investors, which includes a section giving an overview of the impact and ESG data at a portfolio level as well as an update on a specific investee, highlighting recent social and environmental achievements.

**Listed debt strategies**

Once the bond assessments are made, the Impact Management Team records the analysis in the listed debt database. This database is BlueOrchard’s proprietary monitoring dashboard and reflects the different steps of the bond assessment from an impact perspective. The database is the source for impact reporting and monitoring of investments, a responsibility held by the Impact Management Team.

All assessments are typically updated on a yearly basis. An important part of this assessment is the collection of updated impact KPIs, which allows to monitor the progress of the expected impact. If performance falls below minimum thresholds or the issuer fails to meet disclosure requirements, engagement with an issuer can occur, or, if needed, divestment.

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**Principle 7**

**Conduct exits considering the effect on sustained impact**

When conducting an exit\(^{11}\), the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

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**BlueOrchard Microfinance Fund**

BOMF is a fixed income fund and its investments consist of senior and subordinated loans with a set maturity date. The timing, structure, and process of exiting these investments are set at the beginning of the financing relationship with the investee. The terms of each agreement are reached in consideration of the repayment capacity, risk level and liquidity needs of each investee.

The repayment schedules represent our consideration of the investee’s capacity to abide by the financing terms and conditions, and the sustainability of its impact on the end-beneficiaries.

A significant number of the investees in BOMF’s portfolio are repeat borrowers, demonstrating the strong and very long-term relationships with investee companies (i.e. 15+ years). The fund stays engaged and grows with its investees, aiming to support their growth and development as contributors of economic and social value in the communities they serve. However, in cases where investees do not adhere to previously agreed parameters or covenants, BlueOrchard actively engages with investees and, if engagement is not successful, may exit an investment early.

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\(^{11}\) This may include debt, equity, or bond sales, and excludes self-liquidating or maturing instruments.
For investees that no longer require BOMF financing at maturity, the B.Impact Framework includes an exit questionnaire. A fundamental part of this questionnaire is to determine if the end beneficiaries will continue to receive the products and services of the investee, so that impact remains in the medium and long term.

Listed debt strategies

Given the sustainable investment objectives of BlueOrchard’s listed debt strategies, the investments are typically “buy and hold”. In case of bond maturing or exit of a position due to other reasons, the Impact Management Team conducts an Exit assessment to have visibility over the impact achieved. In addition, BlueOrchard intends to support a long-lasting impact by reinvesting in highly impactful companies and to continue the relationship with such issuers.

Principle 8
Review, document, and improve decisions and processes based on the achievement of impact and lessons learned

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

BlueOrchard has set up a self-evaluation framework that allows continuous improvements in product’s impact management and follows the recommendation and guidance by the Impact Steering Committee (Impact SteerCo). The Impact SteerCo is chaired by BlueOrchard’s CEO and includes senior management members. Its objective is to reflect on lessons learned from past impact management practice and approve recommendations to ensure that the impact management framework in place complies with industry best practices.

Throughout its history, BlueOrchard has updated and improved its impact management tools regularly, first by reviewing its impact results, secondly by following the latest industry standards and thirdly by leveraging the experience of the Investment Teams in the regional markets.

In December 2019, and based on the above process, the Impact SteerCo approved the implementation of the new impact management framework called ‘B.Impact’. B.Impact includes major enhancements in policies and procedures, as well as at product and tool levels, such as the upgraded impact and ESG assessment tools. The framework has been implemented in 2020-2021 and also extended across asset classes (i.e. fixed income private assets, private equity, sustainable infrastructure, and listed debt), and themes (i.e. financial inclusion, climate insurance, education finance, gender empowerment, infrastructure, and various corporate sectors)

Principle 9
Publicly disclose alignment with the Principles and provide regular independent verification\textsuperscript{12} of the alignment

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for an 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.

As a signatory of the Principles, BlueOrchard is committed to disclosing the degree of alignment of its impact management system with the Principles. This Disclosure Statement affirms the alignment of BlueOrchard’s policies, tools and procedures with the Impact Principles for the BlueOrchard Microfinance Fund as well as BlueOrchard’s Listed Debt strategies and is updated on an annual basis and published on BlueOrchard’s website.

In accordance with Impact Principles’ requirements, BlueOrchard has engaged BlueMark (former Tideline) as its external and independent verifier.

The Tideline Verifier Statement for the BlueOrchard Microfinance Fund, dated 8 April 2020, can be found on the following page.

The Tideline Verifier Statement for the Listed Debt Strategies, dated 14 October 2021, can be found on the following page.

The independent verification will be updated every four years.

\textsuperscript{12} The independent verification may be conducted in different ways, i.e., as part of a financial audit, by an independent internal impact assessment committee, or through a portfolio/fund performance evaluation. The frequency and complexity of the verification process should consider its cost, relative to the size of the fund or institution concerned, and appropriate confidentiality.