Disclosure Statement

Operating Principles for Impact Management

Impact Bridge

February 25, 2021

Impact Bridge S.A., (“Impact Bridge”) hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the “Principles”).

This Disclosure Statement applies to the following Covered Assets that align with the Principles:

- LENYA - IB Private Debt Fund.

The total value of the Covered Assets in alignment with the Principles is USD 40.1 million as of January 31, 2021.

Arturo Benito
Chief Executive Officer
Impact Bridge S.A.
February 25, 2021

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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.

Impact Bridge was founded in 2018 with the mission to solve some of the world’s most pressing problems through a combination of our expertise in capital allocation and impact investing. To do so, we have put together a team of professionals drawn from across financial, academic, and philanthropic disciplines that share our passion and our three core values:

- **Excellence**: We apply the thoroughness and high standards acquired from our experience in professional asset management to impact investing.

- **Real Impact**: We seek out and invest in projects that generate intentional and measurable impact. All potential investments are also reviewed by our independent impact committee.

- **Shared value**: We believe in the power of alliances and collaborations to multiply the impact of our activities.

After our initial analysis of the strengths and weaknesses of impact investing, we identified five major urgent global problems where we believe impact investments can be a powerful and effective tool to protect and promote human dignity and where we have focused our deployment of capital. These problems are basic unmet needs, underbanked populations, gender inequality, unemployment and precariousness, and environmental degradation.

This is why our investment strategy focuses on five specific impact themes, that are aligned with several UN SDGs:

<table>
<thead>
<tr>
<th>SDG Frame</th>
<th>Impact focus</th>
<th>SDG contribution</th>
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<tbody>
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<tr>
<td><strong>FINANCIAL INCLUSION</strong></td>
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<td><strong>WOMEN’S EMPOWERMENT</strong></td>
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<td><strong>DECENT WORK CREATION</strong></td>
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<td><strong>CLIMATE CHANGE MITIGATION AND PREVENTION</strong></td>
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**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 Managers shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.*

Impact is present at all stages of our investment decision cycle. At Impact Bridge we have designed a thorough Impact Management Process that filters through to every stage of the investment cycle:

![IB Impact Management Process Diagram]

1. **Universe identification**: we start by conducting extensive research to look for potential impact investments through specialized databases and publications. As of end of 2020, we had more than four hundred and eighty funds identified in our universe.

2. **Pre-screening**: as a next step, we screen for investments that aim to tackle at least one of the five impact themes identified in our Theory of Change. In 2020 we held calls with sixty potential opportunities with an appealing impact approach.

3. **Impact due diligence**: once an investment passes this pre-selection stage, we do an exhaustive impact analysis. Up to 2020 we have performed nineteen in-depth due diligence reviews around the impact generated by potential investments. Our IB Impact Scoring Tool (IBIST) provides guidelines and enables us to compare different impact strategies. Additionally, we prepare a deep individual impact analysis report about each investment.

4. **Advisory Committee**: when the due diligence is finished, the investment opportunity is presented by the impact investment team to the IB Impact Advisory Committee. Not only does the committee decide whether to validate or reject the investment decision, but they also advise on further impact monitoring and identify areas of impact improvement for each of the investments.

5. **Monitoring and reporting**: once the investment is approved and incorporated into the IB PDF portfolio, IB continues actively monitoring the impact generated to ensure the impact investment case is being met. We engage with the investees to obtain quantitative impact metrics from each of them, and then aggregate the metrics to obtain overall portfolio results. We also conduct periodic reviews of our IBIST results for each particular investment. If at some point results are not satisfactory for us, we would then consider proposing a divestment to the Impact Advisory Committee.

When possible, we complement this approach with on-the-ground presence to allow us to talk with end customers and other key stakeholders and add a qualitative assessment to our overall analysis.
Impact Bridge’s staff is remunerated through fixed salaries and a significant variable complement that is paid through the following years. This aligns employees to company’s and client’s long-term goals. The achievements on impact throughout the year are important factors for Impact Bridge management to determine the variable part of the yearly remuneration.
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.

At Impact Bridge, everything we do aims to generate positive social transformation and to improve the world we live in. As an impact fund-of-funds, our main tool to do so is to select impactful funds specialized in a particular geography or market niche, and to invest in them.

To structure how we aim to transform our intentions into actions, we have developed a logical model: our IB Theory of Change that sits at the core of our work.

The IB Theory of Change was developed with the input of our academic network and our broad stakeholder network. It helps us to clarify our mission and strategy, and provides us with a roadmap for impact measurement:
Problems

As mentioned in our disclosure for Principle 1, we identified five major urgent global problems where we believe that impact investing is a powerful and effective tool to protect and promote human dignity. These global problems are: basic unmet needs, underbanked populations, gender inequality, unemployment and precariousness, and environmental degradation.

Impact focus

Our clear focus on five specific impact themes enables us to analyze clearly how and where impact investments can contribute to solutions and to select the most relevant and investable projects to address each theme.

Inputs

We provide our investment partners with financial support and share advice about how to measure and improve their impact when appropriate.

This advice is present in different stages of our investment process:

- During the fund selection process, both approved and rejected funds receive detailed feedback on our impact analysis on them.

- Once we are already invested, we actively engage with the funds as it is essential to fulfill our catalytic role. We consider we can have a positive influence by identifying and encouraging them to use best practices of the industry, and by constructively providing feedback on their impact approach and evolution. As part of this work, we carry out an annual full review on their impact practices and achievements, and we analyze their strengths and weaknesses. Once our analysis is done, we inform our investees through individual letters that contain details of our assessment.

Outputs

Outputs are the immediate consequences of our inputs: the end-clients (typically SMEs and individuals) receive financial capital to support their activities.

Outcomes

Outcomes are recognizable changes at different stakeholder levels. We identify and measure outcomes for three main beneficiary groups: enterprises, communities and households.

Impact

The IB Theory of Change approach allows us to assess our impact and align our strategy with the UN Sustainable Development Goals (SDGs) on an ongoing basis. The SDGs provide a useful framework in which to assess the change generated by our inputs.
Principle 4: Assess the expected impact of each investment, based on a systemic approach.

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use 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? 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 and follow best practice.

The first assessment and pre-requisite for an impact fund to be considered by Impact Bridge has to do with its impact theme: eligible investments need to focus on at least one of the five impact themes identified in our theory of change:

- Access to basic services
- Financial inclusion
- Decent work creation
- Women’s empowerment
- Climate change prevention and mitigation

Once this is determined, the impact analysts contact the potential investment to request the necessary information to carry out an objective impact analysis. Materials such as their theory of change, impact report, evolution of impact KPIs and, in general, all their available impact information is requested. Meetings with management are also an essential part of the information gathering.

Impact Bridge Impact Scoring Tool (IBIST)

One of the main challenges we face is the difficulty in comparing the wide range of different impact strategies. To address this issue, in 2019 we launched our proprietary IB Impact Scoring Tool (IBIST) that allows us to individually analyze and compare every investment opportunity from an impact perspective.

The scoring tool permits us as well to compare a prospective investment against the existing IB PDF portfolio and allows the portfolio to be assessed on impact at the aggregate level. IBIST brings greater rigor and objectivity to our assessment.

The IBIST roots in the concept of impact investments. As the Global Impact Investing Network (GGIN) defines the term, impact investments are “made into companies, organizations, and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return”.

This is why the IBIST analyzes three main factors:
• Beneficialness: Capacity to transform unfair realities with beneficial and effective solutions.

• Intentionality: Intentions of each investment manager and level of embeddedness and validation in its investment policy.

• Measurability: Appropriate impact metrics and tracking systems that will allow Impact Bridge to assess how impact can improve and evolve overtime.

Our IBIST starts with a list of sixty-six inputs that cover different aspects of the potential investment. Through multi-criteria decision analysis methods, Impact Bridge’s analysts assign scores for each of these sixty-six inputs to get a final percentile of completion for each of them. Inputs are then aggregated into fifteen sub-dimensions, and finally into three main wide dimensions. We obtain a percentile of completion per dimension, and an aggregated investment percentile.

IBIST serves different purposes:

• Set rigorous and objective minimum requirements for each investment to be eligible for our IB Private Debt Fund’s portfolio.

• Compare existing investments vs. new potential investments from an impact perspective.

• Identify potential impact blind spots within our aggregated portfolio or individual potential investments.

• Help investment managers to identify potential impact areas of improvement for their portfolios.

• Categorize each investment into one of our three IB Impact Stamps: Market Impact, Impact Driven or Impact Leader summarized in the table below:

<table>
<thead>
<tr>
<th>IB IMPACT STAMP</th>
<th>NOT ACCEPTED INVESTMENT</th>
<th>MARKET IMPACT</th>
<th>IMPACT DRIVEN</th>
<th>IMPACT LEADER</th>
<th>IB PRIVATE DEBT FUND AVERAGE PORTFOLIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENEFICIALNESS</td>
<td>&lt;50%</td>
<td>&gt;50%</td>
<td>&gt;60%</td>
<td>&gt;70%</td>
<td>+60%</td>
</tr>
<tr>
<td>INTENTIONALITY</td>
<td>&lt;50%</td>
<td>&gt;50%</td>
<td>&gt;60%</td>
<td>&gt;70%</td>
<td>+60%</td>
</tr>
<tr>
<td>MEASURABILITY</td>
<td>&lt;50%</td>
<td>&gt;50%</td>
<td>&gt;60%</td>
<td>&gt;70%</td>
<td>+60%</td>
</tr>
<tr>
<td>IBIST SCORE</td>
<td>&lt;50%</td>
<td>50% - 70%</td>
<td>70% - 80%</td>
<td>+80%</td>
<td>+70%</td>
</tr>
</tbody>
</table>
In parallel with the IBIST assessment, the analysis team prepares a deep individual impact analysis report about each investment. It is focused on the impact thesis and its risks, with a holistic view that provides a broad context to determine if the investment will be impactful.

**Impact Advisory Committee (IAC)**

When the due diligence is finished positively, the investment opportunity is presented by the impact investment team to the IAC. Not only does the committee decide whether to validate or reject the investment decision, but the committee also advises on further impact monitoring and identifies areas of impact improvement for each of the investments.

The IAC independently reviews investment opportunities to determine whether they comply with the IB Private Debt Fund impact criteria. Its members combine unique international experience in impact investing, philanthropy and academia.

**Rebecca Eastmond**  
*Impact Committee Chair*  
- Founder & CEO at Greenwood Place  
- Global Council Member at Acumen  
- Founder and board member of several international NGOs  
- Former Head of Philanthropy at JP Morgan Europe & Middle East

**José Luis Fernández, PhD**  
*Impact Committee Member*  
- Director of the Iberdrola Chair of Economic and Business Ethics at Comillas University  
- Authorized Representative for UN Global Compact and Principles for Responsible Management

**Saskia Bruysten**  
*Impact Committee Member*  
- Co-Founder (with Prof. M. Yunus) & CEO at Yunus Social Business  
- Member of EU Commission’s expert group on social business  
- Formerly co-CEO at Grameen Lab

**Louisa Brassey**  
*Impact Committee Member*  
- Chairwoman of the Lucille Foundation  
- Founder and senior associate at Greenwood Place  
- Non-executive director at Heineken Holding

**Ricardo Gorodisch**  
*Impact Committee Member*  
- Founder & President of Fundación Kaleidos  
- MD from Universidad de Buenos Aires, Psychiatry specialization  
- Member of the World Association of Infant Mental Health
**Principle 5: Assess, address, monitor, and manage potential negative impacts of each investment.**

*For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees’ ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.*

As described in Principles 2 and 4, the potential negative impact of each investment is assessed, monitored and addressed in all stages of the investment process. In particular, the due diligence process puts the focus on the impact risks, that are broadly analyzed and discussed:

- Through the IBIST rating process. Several questions included in the rating are related to environmental, social and governance best practices for the fund manager and the end-beneficiaries.
- In the impact analysis report. The main risks to the impact are identified, and ways to mitigate them are determined.
- In the Impact Advisory Committee meetings. Further discussions about the risks take place, and the IAC determines define optimized ways to monitor and minimize them. Besides, a final decision of whether the potential risks outweigh the potential benefits is taken.
- A close monitoring process keeps in place once the investment is implemented, with particular attention on to IAC guidance and advise. Analysts deal with underlying funds on a monthly basis, and impact KPIs are reported primarily on a quarterly basis. Further details are provided in Principle 6.

In addition, it is important to mention that ImpactBridge follows the IFC Exclusion List, and that it is a signatory of the UN Principles for Responsible Investments.
**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.

Once an investment is approved and incorporated into the IB PDF portfolio, the monitoring process starts. IB actively monitors the impact generated to ensure the impact investment case is being met:

- We engage with the investees to obtain quantitative impact metrics from each of them (IRIS+ and, if applicable, ad hoc metrics), and then aggregate the metrics to obtain overall portfolio results. The metrics vary depending on the impact theme and on the particularities of each investment. The intended periodicity of KPIs updates is quarterly.

- Our analysts hold monthly meetings with each investee, and any progresses on impact are part of those reviews.

- On an annual basis, we conduct reviews of our IBIST results for each particular investment.

In Impact Bridge we believe that social impact is difficult to quantify and analyze, as it refers to human transformation processes where different disciplines come together. Qualitative assessments can sometimes capture more accurately the realities we try to measure, and that is why we try to incorporate them in our measurement systems:

- Impact Bridge continuously revises the socio-economic theories that act as foundation for the impact thesis held. New qualitative findings may drive to reevaluations of the investments and to changes in its rationale.

- We incorporate qualitative bottom-up techniques, as end-user feedback through mobile surveys with open-ended questions.

- When possible, our on-the-ground presence provides us with a better and broader understanding of the stakeholders involved and the problems we intend to tackle.

- In particular occasions, we can conduct academic case studies in the field. As an example, in July 2019 our academic team travelled to a South African blueberry farm to carry out an ethnographic case study focused on women’s empowerment. The result was an in-depth academic article titled “How Social Enterprises Nurture Empowerment: A Grounded Theoretical Model of Social Change”, published in the reputable Journal of Social Entrepreneurship.

Impact Bridge is engaged with its investees. We carry out an annual evaluation looking to improve and maximize each investee’s impact. Once this has been done, we send a letter to each of them detailing their best annual performance and giving feedback on possible areas for improvement. If at some point results are not satisfactory for us, we would then consider proposing a divestment to the Impact Advisory Committee.
Principle 7: Conduct exits considering the effect on sustained impact.

When conducting an exit, the Managers 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.

We try to make investments with additionality, in places where capital is scarce and needed. We have a long-term horizon in our investments and we want our capital to be catalytic; on the other hand we have a capital preservation mandate with fiduciary responsibilities.

In any case, if financial or impact concerns drive an exit decision for a particular investment, an exit strategy is defined after close communication with our impact and financial committees. We are very careful to ensure that, if an exit finally is to happen, it will not undermine the existence and growth of the investee’s activities. To do so, through a sincere dialogue with the investee we define a smooth action plan that is aligned with the necessities of both parties.
**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.*

Excellence is one of our three values, and to achieve it we need constant enhancements in all of our areas of activity. Only through continuous feedback we can achieve a steady improvement that can match the pace the impact investing industry changes at.

All the feedback and review steps that our impact management process has in place allows to continuously refine the company’s impact processes. With a team led by our Head of Academic Research, we constantly monitor initiatives, standards, measurement techniques and best practices in the social impact field, and we try to bring them into our activities. Recommendations from our Impact Advisory Committee also contribute to this development process.

In the case of particular investments, the closeness in our monitoring process facilitates our assessment on the achievement of the impact targeted. Not only do we follow the evolution of impact KPIs and qualitative impact metrics, but we also revise their impact thesis on a quarterly basis analyzing the socio-economic environment. Investee's evolutions on the three IBIST dimensions (beneficialness, intentionality and measurability) are a key part of the impact performance assessments.
Principle 9: Publicly disclose alignment with the Principles and provide regular independent verification 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 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.

This Disclosure Note re-affirms the alignment of Impact Bridge’s policies and procedures with the Principles and will be updated annually.

We also affirm our commitment to provide regular independent verification of the alignment. Impact Bridge is currently analyzing the best option to complete this verification process, which will be completed by the end of 2021.