Disclosure Statement
 Operating Principles for Impact Management
 Impact Bridge
 February 15, 2022

Impact Bridge Asset Management S.G.I.I.C., ("Impact Bridge") hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the “Impact Principles”).

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

- LENYA - IB Impact Debt Fund.

The total value of the Covered Assets in alignment with the Impact Principles is USD 52.9 million as of December 31st, 2021.

Arturo Benito
Chief Executive Officer
Impact Bridge Asset Management S.G.I.I.C

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Strategic Intent

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, founded in 2018, continues to have as a mission to solve some of the world's most pressing problems through a combination of expertise in capital allocation and impact investing. To do this, work is done across financial, academic, and philanthropic disciplines with the right team of experienced professionals that are aligned to Impact Bridge’s three core values:

- **Excellence**: Thoroughness and high standards acquired from the team’s experience in professional asset management applied to impact investing.

- **Authentic Impact**: Capital is only invested in projects that generate intentional and measurable impact. All potential investments are also reviewed by the independent impact committee.

- **Shared value**: Impact Bridge believes in the power of alliances and collaborations to multiply the impact of its activities.

Impact investing is the chosen sustainable finance type of investments carried out at Impact Bridge. Through a diverse strategy allocation of investments in private debt, we identified five major urgent global problems related to the protection and promotion of human dignity:

1. Basic unmet needs
2. Underbanked populations
3. Gender inequality
4. Unemployment and precariousness
5. Environmental degradation
With the support of a logical model to take decisions, we recognized these realities and came up with investment themes we wanted to address as part of our investment strategy. (Check for Theory of Change in Principle 3). Every theme is aligned with at least one core UN Sustainable Development Goal, although we recognize and evaluate the interdependencies between them:

After the impact themes are properly specified and aligned to general sustainability frameworks such as the SDGs, the second phase of our thesis is done through a “universe identification” where we have included more than 560 funds to our database. Then, funds are prescreened through preliminary calls and email contacts.

With regards to the scale and intensity of impact, our fund-of-funds is an investment vehicle with exposure to over 80 countries. We have access to the most important impact managers worldwide, and we can identify their best practices. This gives Impact Bridge a wide perspective of the impact funds universe, as well as tools to productively engage with the funds in which we invest. With that active engagement we can multiply the effect of our investments by a very large factor (68x as of September 30th, 2021): not only by investing in the funds, but also by influencing how the underlying funds manage their aggregate pool of assets from an impact perspective:
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.

Through the full investment decision-making process, impact is a primary concern. We have evolved from a linear model of impact due diligence to a circular, agile and adaptative process of four main phases: Thesis, Due Diligence, Engagement and Exit.

- Once an investment is done after the Thesis and Due Diligence (explained in Principle 4), the Engagement Phase oversees monitoring the impact performance.
- The definition of KPIs is crucial to track impact achievements. These must be a combination of qualitative and quantitative assessments that we can then aggregate to a portfolio level.
- Regular monitoring through monthly, quarterly, and annual reviews is carried out for each individual investment, with the possibility to divest by presenting the divestment case to the Impact Advisory Committee, although it hasn’t happened yet (more on Principle 7).
- Annually, we review the IBIST scores to provide constructive and thorough feedback letters to out investees. (Principle 4)

Regarding the impact incentive system for staff, Impact Bridge’s employees are given a fixed salary as well as a considerable variable supplement that is paid over several years. Impact Bridge management uses the variable portion of the yearly salary to determine the variable element of the yearly remuneration. As a result, staff will be more aligned with the company’s and client’s long-term goals.
Origination and Structuring

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.

As an Impact fund of funds, we select our investments from geographies and market niches that will bring positive social transformation and environmental. With the use of the IB Theory of Change, our mission and strategy are channeled to our investments as we use this logical model as a roadmap to impact measurement and monitoring. Below the IB Theory of Change:

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

**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.
With this logical framework in place, and inputs and outputs quantified. Outcomes and impact are measured and tracked combining quantitative and qualitative approaches, investment by investment and on an aggregate basis. Some indicators are:

- Rural end clients
- Formal jobs supported
- Smallholder farmers reached
- Climate insurance products financed
- Ha sustainably managed
- Tons food produced and sold locally
- Tons CO₂ reduced
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 condition to consider an investment is a focus on at least one of our impact themes. If it coincides, and the opportunity passes the prescreening phase, the Due Diligence starts. An exhaustive impact analysis is carried out and presented for approval of the investment. Up to 2021 we have performed twenty-three in-depth due diligence reviews around the impact generated by potential investments.

The impact analysis includes socio-economic inputs, and it goes from the general impact that can be produced in the potential investee’s sector to the characteristics that can or cannot make the investee a suitable partner for impact. Impact Bridge asks the potential investee for all the relevant impact information:

- Materials like their theory of change, impact report, evolution of impact KPIs
- Information gathered through meetings with management.

The analysis can also include an analysis of an individual end-project, assessed following the Impact Management Project practices. Below you have an example of one of our end investments.

<table>
<thead>
<tr>
<th>WHAT</th>
<th>WHO</th>
<th>HOW MUCH</th>
<th>CONTRIBUTION</th>
<th>RISK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome level in period</td>
<td>Stakeholder characteristics</td>
<td>Scale</td>
<td>Enterprise</td>
<td>Intention</td>
</tr>
<tr>
<td>- Finance</td>
<td>Rural women with no access to the financial sector</td>
<td>- 361,129 active borrowers,</td>
<td>- $324 average loan size,</td>
<td>- IHST Intentionality score (0-100 points): 90.4%</td>
</tr>
<tr>
<td>Importance to the stakeholder</td>
<td>Geographical boundary</td>
<td>- 57% loans from 4 months to 3 years.</td>
<td>Community</td>
<td>Client protection</td>
</tr>
<tr>
<td>- Clients high, only credit alternatives are predatory loans.</td>
<td>- Indonesia,</td>
<td></td>
<td>- Bima Artha reaches 14,002 different Indonesian villages.</td>
<td>- SMART certification obtained in 2017.</td>
</tr>
<tr>
<td>SDG targets</td>
<td></td>
<td></td>
<td>Household</td>
<td></td>
</tr>
</tbody>
</table>
In addition, the IB Impact Scoring Tool provides guidelines and enables us to compare different impact strategies. This helps us present and put into context the impact analysis to the IB Impact Advisory Committee. The decision whether to invest or not takes place during the Committee, and monitoring advice, and areas of impact improvement.

**Impact Bridge Impact Scoring Tool (IBIST)**

Impact measurement is a very complex activity. Heterogeneity in metrics, challenges with impact attribution, the implementation of subjective factors and comparability between actions with different impact themes are only some of the difficulties when trying to set up a system to account for impact.

After a thorough research process and leveraging off our close relationship with academia, we defined and developed our Impact Bridge Impact Scoring Tool (IBIST®), a proprietary tool that allows us to analyze and compare every investment opportunity from an impact perspective. IBIST® analyzes three fundamental dimensions for an impact investment:

- **Beneficialness**: Capacity to transform unfair realities with beneficial and effective solutions.
- **Intentionality**: Purpose of each investment, alignment in its mission and level of embeddedness and validation in its investment policy.
- **Measurability**: Presence of appropriate staff, tools and tracking systems that will allow Impact Bridge to assess how impact can improve and evolve over time.

The tool starts with 66 inputs that cover different aspects of the potential investment. Impact Bridge’s analysts assign scores for each of these 66 inputs, which are progressively aggregated into the three main dimensions, and finally into one combined score. This methodology brings **objectivity and rigor** to our impact assessment, and we use it to:

- **Compare** the scores of different investments with an impact perspective.
- **Identify possible impact improvements** in our portfolio or in individual investments.
- Use the information to **give feedback** for improvement to our investment partners.
- **Set minimum impact requirements** to assess eligibility for the IB Impact Debt Fund’s portfolio.

We have used our IBIST® tool as a basis for an academic article, written by Impact Bridge along with José Luis Fernández, member of our Impact Advisory Committee. The article has been published in the Journal of Management for Global Sustainability.
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.

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

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

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

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

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
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.

During our due diligence process, the potential negative impact risks are closely monitored and addressed throughout the whole investment process. The first step where risks are considered is during the evaluation for the Impact Scoring Tool.

At this early stage, many questions (from the 66 data inputs) address different types of risks (environmental, social and governance). These risks are discussed not only about the fund but also about their end beneficiaries. When the impact analysis report is written, the main risks must be identified. This is a step for Impact Bridge to internally discuss best practices and ways to mitigate these risks.

Once these risks have been investigated with greater depth, there are further discussions with the members of the Impact Advisory Committee meetings. As a result, optimized ways for monitoring and minimizing such risks are clearly stated, if and only if, the decision is to adhere those risks because the potential benefits outweigh the likelihood and the scale of the risks.

In addition, 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 monthly, and impact KPIs are reported primarily on a quarterly basis. Further details are provided in Principle 6.

Finally, it is important to mention that Impact Bridge follows the IFC Exclusion List, and that it is a signatory of the UN Principles for Responsible Investments.
Portfolio Management

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.

Monitoring is one of the predominant phases at Impact Bridge. Once an investment is approved and incorporated into the IB PDF portfolio, the monitoring process starts. These are some of the ways in which Impact Bridge monitors that the impact case is being met:

- KPI selection to track impact achievement. Qualitative and quantitative (IRIS+ and, if applicable, ad hoc metrics assessments) which then are aggregated 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.
- Continuous progressive monitoring: monthly, quarterly and annual reviews
- Annual IBIST® score review: letters to investees with findings from impact reviews
- Impact Reporting to investors on multiple formats:

Monthly factsheet
Annual impact report
Impact cases
Quarterly impact brief
Videos
Client events
Furthermore, there is a recognized difficulty to quantify and analyze social impact, especially as it refers to human transformation processes where different disciplines come together. Therefore, along with our quantitative assessments we try to incorporate qualitative assessments that can sometimes capture better realities. These are some of the activities we incorporate to our measurement systems:

<table>
<thead>
<tr>
<th>Academic Reviews</th>
<th>On the ground presence</th>
<th>Case Studies</th>
</tr>
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<tbody>
<tr>
<td>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.</td>
<td>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.</td>
<td>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 Journal of Social Entrepreneurship.</td>
</tr>
</tbody>
</table>

Engagement with investees: We carry out an annual evaluation covering the impact practices of each of our investees. Once our analysis is done, we write a letter giving feedback to each of our investees. We aim to have a positive influence by identifying and encouraging each investee to use what we identify as best practices within the industry. Each letter provides constructive feedback on their impact approach and evolution. If at some point results are not satisfactory for us, we would then consider proposing a divestment to the Impact Advisory Committee.
Impact at Exit

Principle 7: Conduct exits considering the effect on sustained impact.

When conducting an exit, 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.

We intend 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.

1. Before divestment, we hold a discussion with the Impact Advisory Committee to ensure that the potential negative effects are mitigated.
2. Then we define a responsible exit strategy with our investee.
3. Finally, we carry out and overall review of the impact achieved through our investment to improve our framework, comparing the impact thesis with the outcome.

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.

The circularity of our impact management process shows this principle is integral to our investment philosophy. Excellence is one of our values, and to achieve it we need constant improvements in all our areas of activity.

All the review steps that our impact management process has in place, mentioned in previous parts of the document, allow to continuously refine the company’s impact processes. Our impact team is led by our Head of Academic Research, and 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 specific investments in our portfolio, 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.
Independent Verification

Principle 9: Publicly disclose alignment with the Impact 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 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.

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

After the first verification process completed in 2021, Impact Bridge will provide subsequent independent verification statements on a bi-annual basis.
Independent verifier’s report on the alignment of Impact Bridge with the Operating Principles for Impact Management

To Arturo Benito,

In response to your request, we verified that Impact Bridge’s impact management system, as described in its policies and procedures (the “Policies”) and summarized in its annual Disclosure Statement dated 25 February, 2021, is aligned with the Operating Principles for Impact Management dated February 2019 (the “Impact Principles”), issued by Impact Bridge for USD 40.1 million of its assets under management as of 31 January 2021.

Impact Bridge’s responsibility for the alignment with its impact management system with the Principles

It is the responsibility of Impact Bridge to define the processes, roles and responsibilities necessary to align its organization with the Principles. It is also the responsibility of Impact Bridge to publicly report on its website (https://www.impactbridge.com), on an annual basis, its commitment to the Impact Principles and the extent to which impact management systems are aligned with them.

Presentation of the Iberdrola Chair in Economic and Business Ethics in Comillas Pontifical University

The Iberdrola Chair in Economic and Business Ethics is an entity dependent on the Comillas Pontifical University, focused on research and analysis of Business Ethics, Corporate Social Responsibility and Social Impact measurement. José Luis Fernández Fernández leads the research team of 16 people; and he has over 30 years of experience in Social Impact measurement. He has been the chairman of Ética, Economía y Dirección, the Spanish branch of EBEN –European Business Ethics Network--; he is also currently a member of the Board of the European Ethics Network, and he takes part in the Commission for Corporate Social Responsibility of AECA (Spanish Organization for Accountability and Management).

For more information on the Iberdrola Chair in Economic and Business Ethics, please visit their website: https://wordpress.upcomillas.es/catedradeetica/presentacion/

Our responsibility

Our responsibility is to express a limited assurance conclusion on the compliance of the impact management system of Impact Bridge described in the Policies with the Impact Principles based on the procedures we performed and the evidence we obtained.
Nature and scope of our work

We have performed the following procedures based on our professional judgement:

- We have relied on Impact Bridge’s calculation of the assets under management of the LENYA – IB Private Debt Fund, which is aligned with the Impact Principles.
- We have verified that the Policies (and other tools used by Impact Bridge for impact analysis) address each of the Impact Principles.
- We have verified the information provided in the Statement in relation to the Impact Principles is correct.
- We have reviewed the impact analysis for each investment in the fund LENYA – IB Private Debt Fund to check the correct application of the Policies.
- We have conducted interviews with the people in charge of defining and applying the Policies.

The scope of this Independent Verification does not include any assessment of the adequacy or effectiveness of Impact Bridge’s impact measurement approach, nor any qualification or verification of the resulting impacts achieved.

Verifier Statement

Based on the procedures performed and the review conducted, we believe that Impact Bridge’s Statement is aligned, in all material respects, with the Impact Principles as it pertains to the Covered Assets.

The Independent Verifier of Impact Bridge

José Luis Fernández Fernández

Chair of the Iberdrola Chair in Economic and Business Ethics in Comillas Pontifical University

07 July, 2021