

Verifier Statement

Independent Verification Report

Prepared March 30, 2022

Introduction

Commonwealth Development Corporation (“CDC”)¹ engaged BlueMark to undertake an independent diagnostic verification of the alignment of the Bridges Fund Management’s (“Bridges”) impact management (“IM”) system for the Sustainable Development Goals Outcomes Fund (“SDGOF”) to the Operating Principles for Impact Management (“the Impact Principles”).² BlueMark’s diagnostic conclusions are intended to provide Bridges with learning output on the extent of SDGOF’s alignment.

Summary assessment conclusions

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

Principle 1: Bridges has clearly defined direct and systemic strategic impact objectives for the Sustainable Development Goals Outcomes Fund (“SDGOF”). The Fund’s direct impact goals are organised into thematic areas and explicitly aligned to eight SDGs.

Principle 2: Bridges will apply a standard impact management framework to all portfolio transactions within SDGOF. Incentives are inherently aligned to impact performance due to the Fund’s financing structure and the staff appraisal framework also explicitly considers impact performance.

Principle 3: Bridges has articulated its contribution to impact for SDGOF and the broader outcomes-financing market within the PPM. As supporting evidence, Bridges has highlighted its extensive track-record and field-building efforts within the outcomes-financing market, including through a select set of transaction case studies.

Principle 4: Bridges will follow its IMP methodology to assess the impact alignment of each investment as part of due diligence for SDGOF. The Fund’s impact assessment scorecard will include relevant considerations spanning the IMP’s five dimensions and result in an indicative score. The Fund will follow a multi-staged investment approval process.

Principle 5: Bridges has developed a Responsible Investment Policy which includes standard processes and tools to evaluate and monitor environmental and social (“E&S”) and business integrity (“BI”) dimensions of each investment. The Fund monitors underperformance on ESG KPIs and has related mitigation protocols. To further align, Bridges should ensure their existing ESG approach and assessment tools incorporate relevant industry standards.

Principle 6: Bridges will take an active, multi-layered approach to monitoring for SDGOF with monthly review meetings, reviewing the progress of its investments in achieving the direct and systemic outcome targets through standardised templates. Bridges has active underperformance and engagement protocols.

Principle 7: Bridges has developed a general approach to “exiting” contracts while ensuring the sustainability of the programme and impact(s) beyond initial delivery. To further align, Bridges should ensure that the “exit” assessment process for SDGOF is formalised through meetings and templates.

Principle 8: Bridges uses its previous outcomes-financing experience to inform and refine its overall approach for SDGOF. Bridges will review its impact performance and have review meetings regularly. To further align, Bridges should ensure learnings identified from review processes are embedded into future impact-related tools and/or processes for SDGOF.

¹ Commonwealth Development Corporation (“CDC”) is changing their name to British International Investment (“BII”), effective April 4th, 2022.

² Bridges is not currently a signatory to the Impact Principles. BlueMark’s diagnostic verification was undertaken as an independent assessment exercise and does not represent an official verification of the alignment to the Principles.

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Assessment methodology and scope

Bridges provided BlueMark with the relevant supporting documentation for the policies, processes, and tools related to the IM system for SDGOF. The scope of BlueMark's work was limited to processes in place as of March 30th, 2022. BlueMark believes that the evidence obtained in the scope of its assessment is sufficient and appropriate to provide a basis for our conclusions.³

BlueMark's full assessment methodology, based on its professional judgment, consisted of:

1. Assessment of the IM system in relation to the Impact Principles, using BlueMark's proprietary rubric, and examining processes and policies against the following criteria:
 - *Compliance* of the IM system with a threshold level of practice;
 - *Quality* of the IM system's design in terms of its consistency and robustness; and
 - *Depth* of sub-components of the system, focused on completeness
2. Interview with Bridges staff responsible for defining and implementing the IM system;
3. Testing of selected Bridges transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to Bridges, outlining areas of strong alignment and recommended improvement, as well as BlueMark's proprietary benchmark ratings on the extent of alignment to each of the Impact Principles.

Permissions

This statement, including our conclusions, has been prepared solely for Bridges in accordance with the agreement between our firms. We permit Bridges to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate SDGOF's alignment with the Operating Principles for Impact Management. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bridges for our work or this statement except where terms are expressly agreed between us in writing.

About BlueMark

BlueMark, a Tideline company, is a leading provider of impact verification services in the impact investing market. BlueMark was founded with a mission to "strengthen trust in impact investing" and to help bring more accountability to the impact investment process. BlueMark is a wholly owned subsidiary of Tideline Advisors, LLC, a certified women-owned advisory firm in impact investing. Since its founding in 2014, Tideline has become a recognized leader in impact measurement and management, working with leading asset owners and managers to design and implement impact management systems.

BlueMark has conducted this verification with an independent and unconflicted team experienced in relevant impact measurement and management issues. BlueMark has implemented a Standard of Conduct requiring our employees to adhere to the highest standards of professional integrity, ethics, and objectivity in their conduct of business activities.

BlueMark has office locations in London, UK; New York, NY; Portland, OR; and San Francisco, CA and is headquartered at 915 Battery St, San Francisco, CA 94111, USA. For more information, please visit www.bluemarktideline.com.

³ The scope of BlueMark's assessment procedures does not include the verification of the resulting impacts achieved. BlueMark's assessment is based on its analyses of publicly available information and information in reports and other material provided by Bridges. BlueMark has relied on the accuracy and completeness of any such information provided by Bridges. The assessment results represent BlueMark's professional judgment based on the procedures performed and information obtained from Bridges.