

DISCLOSURE STATEMENT

Big Society Capital

Operating Principles for Impact Management

29 March 2021

Big Society Capital Limited (“BSC”) hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the “Principles”).

Big Society Capital’s total portfolio of impact investments into fund managers, social banks, and other intermediaries across its multi-asset portfolio is managed in alignment with the Principles.

Big Society Capital’s total assets under management in alignment with the Principles is £650 million¹, as of 31 December 2020.

A handwritten signature in black ink, appearing to read 'SM', is written over a thin horizontal line.

Stephen Muers

CEO, Big Society Capital

¹ Equivalent to USD 895 million, as of 29 March 2021

STRATEGIC INTENT (PRINCIPLES 1 & 2)

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.

Who we are

Big Society Capital is a leading social impact investor and market builder, with a focus on the UK only. We exist to improve the lives of people in the UK through investment with a sustainable return.

To build solutions to tough social challenges, we work with expert partners to understand such social issues. We consider sustainable enterprise solutions to such challenges, and work with partners to design and deliver investments that consider the needs of both enterprises and investors. Doing so allows us to grow market participation and support investment ecosystem transformation to enable long-lasting change to people's lives.

As a wholesale social impact investor, we invest in fund managers, social banks, and other intermediaries, who in turn invest in enterprises and charities all over the UK. Our investments span a wide range of financial product types and asset classes, including property, private debt, renewables, private (venture) equity, social bank lending, charity bonds, and social outcomes contracts.

Our intended impact

Based on our overall mandate and underlying theory of change, we consider and manage impact and impact risks throughout the investment lifecycle, across two key dimensions:

- **Systems Change:** is our primary focus and relates to the changes we intend to contribute to with regard to the broader investment ecosystem. These include impacts from our investments and other market building activities on fund managers and intermediaries, enterprises and charities, investors, and broader policy environment. Our overarching goal is to influence the behaviours and interactions of key system actors, so that more capital and support is reaching impactful and resilient enterprises and charities, to create sustained positive change in the lives of people in the UK.
- **Impact on People:** this is the intended social impact on individuals and communities that enterprises and charities have, receiving BSC's investment through our fund managers, social banks, and other intermediaries. Our overarching goal is to tackle important social issues through social impact investment, thereby improving people's lives in the UK across a wide range of social outcome areas.

Our most recent BSC strategy, developed in 2017², has focused on three thematic areas, where our experience has shown us that social impact investment can help create a better, sustainable future:

- **Early Action** – to tackle social issues at an early stage, either to stop them occurring or to prevent them from worsening.

² Big Society Capital is currently revising its overall strategy, which we will share externally later this year.

- **Homes** – to create a more inclusive housing market, providing high quality, safe and affordable homes so people can lead better lives.
- **Place** – to build partnerships that can help communities develop vibrant, local social economies which reduce poverty and address inequality.

Each focus area strategy features a set of specific impact and system change goals, underpinned by a theory of change (impact thesis) and systems change/impact framework. Strategies are supported by cross-industry research and an extensive evidence base. They are being refined on an ongoing and regular basis to consider learnings from our investments and other market building activities over time. Every three years, we undergo a more fundamental strategy review and development process.

Our capital allocation across our three focus areas takes into consideration the relative size of impact and systems change opportunity in each focus area, as described in BSC’s strategy. For more information about our focus areas, please visit [here](#).

At the individual investment level, strategic alignment is ensured during pre-due diligence stage – the first stage in BSC’s investment process – and confirmed at the decision stage. Specific impact (on people) and systems change theses and objectives, with relevant impact metrics, are defined and captured for each investment before investments are entered into.

Our investments are aligned with the UN Sustainable Development Goals. UN SDGs 1, 3, 7, 8, and 11 feature most prominently across our portfolio.

Further developments

BSC is currently undergoing a strategy review process, which places greater emphasis on the clarity and precision of our systems change goals and strategies in four key areas: housing, venture, social lending, and social outcome contracts. Building on this work, we intend to be more systematic and consistent in how we articulate our systems change strategies and intended outcomes across the broader investment ecosystem. We will also explore ways of improving our approach to understanding and assessing systems change, including BSC’s role and contributions to it.

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.

Impact approach overview

BSC’s impact management approach allows us to systematically establish strategic intent and alignment with our strategy, as well as monitor and manage impact performance of all our investments, across our multi-asset portfolio.

Our approach comprises both, the intended and actual social impact of our investments, as well as the intended and actual impact on the broader system and systems actors. [We use the five dimensions of impact, as defined by the Impact Management Project \(IMP\)](#): What, Who and Where, How Much, Contribution, and Impact Risk to build a shared understanding of the intended and actual social impact and impact risks of our investments.

Impact and systems change intent and performance are systematically captured and managed throughout the investment lifecycle, including the following process steps and tools:

Pre-Due Diligence (pre-DD): to test alignment of prospective investments against strategic impact/systems change objectives, as well as portfolio allocation objectives. Our pre-DD template requires an initial view on the investment's target impact (based on dimensions of impact) and systems change thesis and risks, the fund manager's ability to deliver against such theses, as well as BSC's investor contribution (based on the IMP classification of investor contribution). It also identifies priority areas for further due diligence.

Portfolio Allocation Tool: to establish an investment's contribution to overall portfolio objectives. To do so, we assess an investment's expected impact, alignment with strategic systems change objectives, and financial returns as well as risks, against current portfolio allocations. This allows us to better understand, compare, and trade-off the risks and rewards associated with different opportunities.

Due diligence (DD): to test whether the investment proposal lives up to the investment thesis identified in pre-DD. Our DD Toolkit provides for a number of specific tests for impact, system change, and financial thesis, as well as broader organisational and management DD. BSC's DD process also includes an internal investment review session, intended to bring the wider team's knowledge and expertise into the process for better decision making, as well as a management presentation by the prospective fund manager, as an opportunity to directly clarify any specific points of interest or concerns by BSC's investment committee. The investment committee memo provides a succinct summary of findings to enable investment committee decision making.

Impact Canvas: BSC's primary tool to facilitate impact management and reporting at the individual investment level. To be agreed between BSC and the respective investee, the canvas explicitly documents the investee's impact and systems change thesis and sets formal expectations for impact and systems change measurement and reporting, including impact (output & outcome) KPIs/metrics, for which impact data is to be provided as per agreed measurement plan.

Impact metrics are defined in a participatory manner with the investee, bespoke to the specific impact theses, to maximise the value derived from impact measurement for all parties involved, including BSC's investees and frontline organisations to support ongoing performance management and learning. For new investments in "housing", we have started to require reporting against portfolio-wide impact KPIs, which we co-developed with a selected [group of housing equity investors and impact expert organisations](#).

On-going impact reporting: investees are expected to report on actual impact, as defined and agreed in the impact canvas, at least on an annual basis. For investments made prior to introducing the canvas in 2019, BSC's investees were required to report against at least one target social outcome metrics for each of their own investees, in a manner and format of their choice.

Performance Committee Meetings: to establish how BSC's portfolio of investments is performing against the original (or updated) social impact, systems change, and financial theses at the time of the investment committee decision. The Performance Committee also discusses required actions to manage investment performance, including impact and systems change, as well as broader learnings across the portfolio. The committee meets on a 6-monthly basis.

Portfolio Review Days (PRDs): a meeting between the investee and BSC investment committee members, for the former provide an update on how investments are performing (financial, social

impact, systems change) against plan, any issues of concern, opportunities and plans for the future. Fund managers and intermediaries are expected to participate in PRDs at least on an annual basis.

Annual Impact Conversations (AICs): a deep dive meeting with the investee to discuss and review on an annual basis impact performance, as well as the current state of impact practice. AICs are also an opportunity to review and agree on BSC impact management support to the investees, where needed and appropriate. They form a relatively new part of BSC's broader impact monitoring approach, piloted in 2019 and paused in 2020 due to Covid. We will revive AICs in autumn 2021.

Impact evaluations: bespoke impact evaluations may be conducted in partnership with third party experts, such as universities or impact consultancies, to evaluate the social and systems change impact of larger, strategically important BSC investments, such as the Community Investment Enterprise Facility or the Growth Fund. In such circumstances, more rigorous and systematic impact insights are required to inform and support BSC's broader market building plans.

Our impact approach has changed significantly over the years and continues to evolve. We recognise that best in class impact management is a moving goal post and as such commit to continuous learning and improvement.

Impact management responsibilities & incentives

Impact is core to BSC's mission and organisational culture. We recruit people with a passion and commitment to solving some of the most entrenched social issues in the UK. Understanding the social sector in the UK is instrumental to what we do, and we encourage all staff to find both frontline volunteering and trustee roles.

Impact is embedded in our core staff development resources, such as our [Learning & Development \(L&D\) framework](#), which requires our team to build a fundamental understanding of social issue areas and relevant business models, as well as social impact management over time. During our annual Performance & Development Review discussions, we then assess progress against previous L&D priorities and define new ones for the coming year.

Other relevant impact resources include our one-week induction program, for new joiners to BSC and our intermediaries, which covers the foundational knowledge about social impact investing as well as ongoing staff trainings. These provide the team with additional, ongoing capacity building support.

BSC has chosen not to link staff compensation with the achievement of financial or impact returns, in case of likely unintended effects. As a market builder, part of our role is to test new investment opportunities for creating impact and returns, which implies the need for managed risk taking.

ORIGINATION AND STRUCTURING (PRINCIPLES 3, 4, 5)

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.

Building the investment ecosystem

Helping to build an investment ecosystem that supports enterprises to improve people's lives in the UK, is core to BSC's mandate and mission. We do so through a broad range of strategies and interventions that are defined in our BSC Strategy and Annual Business Plans. These strategies include:

- Developing and investing in financial products that bridge the needs of investors and enterprises across our three focus areas.
- Engagement, awareness, and capacity building of investors, intermediaries and fund managers, enterprises and charities, and policy makers.
- Driving innovation in addressing social issues through business models, in partnership with other organisations.
- Building and contributing to social infrastructure organisations.
- Driving good sector practice in priority areas, such as impact management and equality, diversity, and inclusion.

Some of our achievements across these areas are documented in our last two impact reports in [2020](#) and [2017](#), as well as in our latest [Quadrennial Review Report](#), an independent review of BSC's performance against our mandate, published by the Oversight Trust, formerly known as The Big Society Trust.

Supporting fund managers and intermediaries

With over 75% of our investments to date into first time managers, teams or products, helping to build effective intermediaries has been particularly important for us. Beyond our capital and close engagement throughout the investment and portfolio management process (as outlined under Principle 2), we have been providing a range of one on one and group capacity building support to our fund managers and intermediaries. This includes, among other activities:

- *[Building Blocks](#) programme*: an in-practice guide that helps intermediaries and fund managers self-assess and identify organisational strengths, development needs and where additional support could be valuable to become an effective and sustainable social impact investment intermediary.
- *BSC investee training support offer*: an annual training program for BSC investees, covering a broad range of areas, including fund raising & investor relations, impact management, non-executive director recruitment and a one-week induction course on social impact investment for new starters.
- *Organisational and people development support*: BSC employs a talent specialist who works with our fund managers to develop teams.
- *Non-exec network*: BSC runs a non-exec network for individuals interested in supporting social impact managers, that is available to all fund managers in our portfolio.

- *Aspire & Inspire Leadership Programs*: customised one-year programmes to develop individual and team leadership capacity across our intermediary and fund manager landscape.
- *Tailored one on one advice*: in priority areas, such as impact management or fundraising.

We seek ongoing feedback from our fund managers and intermediaries on the value of these and continue to evolve our support offerings.

Considering investor contribution in our specific investments

The ways in which we intend to contribute to specific impact and systems change across our three focus areas and priority investment ecosystems, is laid out in our focus area or financial product type strategies. On that basis, we then consider our specific financial and non-financial contribution to impact and systems change for each achievement.

Our “signal, engage, grow, and provide” framework, based on the [Impact Management Project’s investor contribution strategies](#), captures our intended contribution during pre-due diligence phase. The system change section of the investment committee memo further describes our contribution to the target changes to the behaviours and relationships between investors, fund managers, enterprises and business models, policy makers and other key stakeholders.

We review our systems change performance and extract learnings as they relate to our investor contribution to impact and system change through our Performance Committee meetings on a 6-monthly basis, as well as our regular strategy reviews. More information provided under Principle 8.

Further developments

There is an opportunity for BSC to more consistently and systematically articulate and capture our investor contribution to each investment, aligned with the [IMP Investor Contribution strategies](#). This could involve a more explicit articulation of the expected contribution in terms of planned actions and outcomes at the investment decision stage (captured in the Investment committee memo), as well as better post-investment monitoring during portfolio management. We will explore and implement such improvements, where they add value to our ability to effectively manage impact and systems change performance.

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 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.

Approach to assessing expected social impact and systems change

BSC assesses the expected impact of each investment through a systematic approach, building on the [IMP 5 dimensions of impact](#): What, Who, How Much, Contribution, and Impact Risk. In terms of impact risks, BSC applies [IMP's 9 risk categories](#) to its ex-ante risk assessments, focusing on those risks considered most material to the investment. In addition, BSC assesses the expected impact on systems change and system change risks for each investment, to the extent relevant.

Through BSC's portfolio allocation tool, we rate each investment against its level of expected impact (top tier, strong, or clear impact) and impact risk (low, medium, high, very high), as well as level of alignment with relevant strategic system change objectives (bullseye, strong, and clear fit) and systems change risks (low, medium, high, very high).

In terms of process, the expected impact and systems change is first identified during pre-due diligence stage. It is then tested and assessed during due diligence (using BSC's DD toolkit), before a final impact and systems change thesis is presented in the investment committee memo and captured in the impact canvas, together with a set of impact metrics for ongoing impact monitoring and reporting.

To date, with a focus on validating the specific impact thesis of each investment and maximising the value of impact measurement for impact performance management across our impact chain, we have taken a participatory and less directive approach to determining impact metrics. So far, fund managers and intermediaries have been able to identify their preferred impact metrics for impact reporting. In certain thematic investment areas, such as housing, we have started to identify portfolio wide indicators that we will apply across our various housing investments going forward. We continue to identify such indicators in a participatory way, also considering the specific investment context to ensure metrics are relevant and meaningful, as well as alignment with international standards (e.g. IRIS+), where relevant.

Further developments

We will explore ways of strengthening our impact approach in this area, by considering:

- Integrating systems change monitoring and evaluation approaches, building on existing thought leadership and guidance.
- Developing, where useful and value enhancing, internal and external guidance on indicator development, including best practice for selection (e.g. SMART/SPICED) and alignment with industry standards.
- Sharing with industry standard setting organisations our own experience of developing context specific impact indicators (e.g. in housing in the UK).
- Embedding further considerations on identifying, tracking and mitigating impact risk through the investment and portfolio management process.

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.

BSC's approach to managing ESG risks is based on our Responsible Investment Policy, underpinned by nine core Principles and an exclusionary negative screen. These Principles form the basis of our current ESG risk assessment approach which is operationalised and further detailed in BSC's ESG checklist as an integrated part of BSC's DD toolkit. Our investees are also required to follow the Responsible Business Principles contained within the Policy. The Policy and ESG checklist are intended to complement BSC's existing impact (risk) management and due diligence approaches, such as our organisational due diligence tests, which already capture a range of relevant ESG related risks.

Where identified during due diligence, ESG risks and mitigations are reported to the Investment committee, as part of the Investment committee memo. We follow up on identified risks and mitigations, as well as identify new ESG risks that may emerge during portfolio management, through our various engagement channels with intermediaries, such as our annual Portfolio Review Day meetings, or more informal quarterly meetings.

Further developments

In line with the results of our independent verification, we have started working on further evolving our approach to ESG risk management. This includes further standardisation and integrating our approach to ESG risk assessment, monitoring, and reporting into the investment process. Specifically, we will include an ESG risk assessments in our IC memos, as well as incorporate more explicitly ESG updates, where relevant, in our portfolio management toolbox, such as BSC's Performance Committee. Where relevant, we will consider further alignment of our approach with existing industry standards.

PORTFOLIO MANAGEMENT (PRINCIPLES 6)

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.

The impact canvas is BSC's key tool to capture the agreed impact and systems change theses, develop an agreed measurement plan (that defines measurement methods, responsibilities, and frequencies of measurement), and impact metrics for ongoing data collection and reporting. Prior to introducing the impact canvas in 2019, BSC investees were required to report at least against one key outcome of the impact thesis per underlying enterprise or charity, based on impact metrics of their choice.

Impact data (quantitative and qualitative) is collected for all our investments through various channels, including formal impact performance reporting on at least an annual basis. We also collect impact insights through less formal reporting channels, such as quarterly meetings with our fund managers and intermediaries. For specific investments of strategic importance that are intended to test a broader market building thesis, such as BSC's Access Growth Fund, or the Community Enterprise Investment Facility, BSC works in partnership with others to conduct multi-year third-party impact evaluations to provide more rigorous, in-depth impact insights.

Based on impact information received, we then compare each investment's actual impact and systems change performance against its original impact and systems change thesis at the point of investment. We do so through our 6-monthly Performance Committee meeting, which also assesses impact and systems change performance at an aggregate, asset class level, distils key learnings for our respective areas of work, and stipulates actions for further impact and systems change performance management, in response to such learnings.

Impact and systems change performance is also discussed with each fund manager or intermediary in the context of our Portfolio Review Days and our Annual Impact Conversations, which we first piloted in 2019. Both engagement channels, described further under Principle 2, also provide an opportunity to discuss and respond to specific impact performance challenges that a fund manager or intermediary might encounter.

IMPACT AT EXIT (PRINCIPLES 7 & 8)

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.

Given the diverse and multi-asset nature of our investment portfolio, exits and associated impact risks vary across BSC's investments and asset classes. Similarly, risks of sustained impact are also driven by the nature of the underlying enterprises that receive our investments through our intermediaries and fund managers. Private debt investments into well-established, clearly mission driven and regulated charities and social enterprises, used for asset acquisition, refurbishments, working capital, or refinancing arguably constitute lower impact risks, compared to equity investments in early-stage ventures at the beginning of their growth journey. As such, the importance and nature of post-exit impact considerations also vary across BSC's investment portfolio.

Across all our investments, as part of our due diligence work, we test the alignment with a prospective fund manager or intermediary across a number of factors, considered for sustained impact post-BSC exit. These include the (social) mission and strategy of the fund manager, its governance structure (incl. decision making), people, and culture, as well as impact being considered throughout the investment and portfolio management process. Where relevant, we also inquire the need for post-investment support and exit plans.

At the point of exit, investment leads are required to prepare a decision paper which is submitted to the BSC investment committee for approval. A final impact assessment is being conducted at this stage, comparing impact performance at point of exit with the original thesis. The investment committee discusses and determines required actions with regard to any issues arising related to the continued impact of the investment.

Further developments

We intend to further develop our process by more explicitly considering in our exit decision papers the risks to sustained impact at the point of exit, as well as any BSC strategies and actions to influence such sustained impact outcomes.

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.

At BSC we believe that building a learning culture, driving open decision making, is key to our success and mission of building an investment ecosystem that effectively supports enterprises to improve people's lives in the UK. We do so, in different ways, including open decision-making forums, such as:

- Open investment committee (IC) meetings: all BSC staff are invited to attend IC meetings.
- Decisionator: all BSC staff are responding to brief survey, pre-IC meetings, to share their views and feedback on investment prospects, presented to IC for final decision. Staff

comments and suggested votes are shared with IC members before the respective IC meeting. IC papers are shared with all BSC staff in advance.

- Challenge Forum: a post IC meeting among BSC staff (IC members invited to join) to debrief and debate IC discussions and decisions; minutes of each challenge forum meeting are attached to IC meeting minutes and shared with all IC members.
- Other ongoing learning opportunities, such as investment review meetings (mentioned under Principle 2), an extensive, ongoing internal training program, and regular enlightening evenings sessions organised by BSC staff on a range of mission relevant learning topics.

At the organisational level, strategy and business plan development is always underpinned by an assessment of key learnings to date. We conduct a comprehensive review of our strategy every three years (with previous strategy cycles spanning from 2014-2017, 2017-2020), with regular updates on an annual basis. Such revisions and updates take into considerations our impact and learnings across our investment portfolio and asset classes, as well as other market building activities, such as our engagement with investors, broader social sector, and policy makers, as well as broader communication and awareness building efforts. We share our learnings externally through a range of channels, including our BSC impact reports, published in [2017](#) and [2020](#).

At an investment level, as outlined in previous sections, we collect impact performance data at least on an annual basis through various channels, including formal impact reporting, Portfolio Review Day meetings, and more quarterly catch ups. Our main forum for formally reviewing impact and systems change performance at an investment and asset class level are our 6-monthly performance committee meetings, where key learnings and their implications for future investment and strategic decision making are captured and discussed. Designated team leads are responsible for such learning processes in their respective financial product type areas. Our portfolio review days are similarly intended to capture and feedback learnings, specifically relevant to each fund manager and investment.

Our BSC learning database, is intended to serve as our internal repository of lessons learnt. Lessons derived from across our investment and other market building activities are captured in this data base, while teams working on new investment propositions or other initiatives are expected to draw from its relevant insights. Our investment committee memo asks the deal team to reference relevant learnings from previous investments.

Further developments

Following feedback from our independent verification, we will seek to further formalise internal impact management feedback loops to maximise the value of our accumulated learnings across the organisation. We will particularly emphasise the more explicit review of unintended impacts, both positive and negative. Finally, we will consider how to build out our impact management technology infrastructure to better facilitate impact management data flows and related learnings.

INDEPENDENT VERIFICATION (PRINCIPLES 9)

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 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.

This Disclosure Statement lays out the alignment of BSC's impact management systems with the Principles and will be updated on BSC's website on an annual basis.

BSC has engaged BlueMark, a wholly owned subsidiary of Tideline Advisors, LLC, as its external, independent advisor. The [independent verification report](#) on the alignment of BSC practices with the Operating Principles for Impact Management, as well as further information on BlueMark, is available on BSC's website.

We plan to conduct an independent verification of our impact management systems every three years.