

# Verifier Statement

## *Independent Verification Report*

*Prepared for MicroVest: 12/20/2023*

### Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)<sup>1</sup>, MicroVest engaged BlueMark to undertake an independent verification of the alignment of MicroVest’s impact management (IM) system with the Impact Principles. MicroVest’s assets under management covered by the Impact Principles (Covered Assets) totals \$224,059,115<sup>2</sup>, for the year ending 12/2023.

### Summary assessment conclusions

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

*Principle 1:* MicroVest’s impact strategy is focused on improving financial access, resilience, and financial health among underserved populations in emerging markets through investments in RFIs. The firm has tied KPIs to its impact objectives at the deal level that aggregate up to the portfolio level KPIs.

*Principle 2:* MicroVest has developed a framework that allows for comparison of impact performance across the portfolio through the common use of tools including its Impact Assessment, ALINUS, and a common set of KPIs during due diligence and monitoring. To further align, MicroVest should explore ways in which it may tie impact performance to staff incentive systems.

*Principle 3:* MicroVest assesses its expected financial contribution through a multi-dimensional analysis in its Impact Assessment memo, which is informed by lending tables and other data from RFIs. To further align, the firm should build an evidence base of its financial additionality and formalize its approach to non-financial additionality.

*Principle 4:* MicroVest has recently developed its Impact Assessment Memos to assess the potential positive impact of its investments ex-ante, drawing on the IMP’s 5 dimensions of impact. To further align, the firm should ensure that the Impact Assessment includes qualitative analysis in addition to its quantitative assessment of the IMP’s 5 dimensions.

*Principle 5:* MicroVest conducts due diligence for ESG risks by using ALINUS, a detailed questionnaire purpose-built for inclusive finance. To further align, the firm should define protocols for continual monitoring and mitigation of ESG risks throughout the loan period.

*Principle 6:* MicroVest collects impact and financial data from all RFIs quarterly using a robust monitoring system. To further align, the firm should develop impact targets so that it can monitor impact performance against expectations, as well as design a process to validate outcomes.

*Principle 7:* MicroVest evaluates an RFI’s qualification for loan renewal by conducting a “de novo” due diligence in the Impact Assessment memo, where it considers multiple factors, including the impact performance of the original loan period. To further align, MicroVest should clarify its thresholds for loan renewal and document the impact considerations in that decision.

<sup>1</sup> Principle 9 states that signatories “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.”

<sup>2</sup> Assets under management figure as reflected in client intake survey as of 11/14/2023. BlueMark’s assessment did not include verification of the AUM figure.

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*Principle 8:* MicroVest conducts unstructured annual reviews of portfolio-wide impact performance and impact management system performance. In the latter, the firm incorporates feedback from staff to inform system improvements. To further align, MicroVest should develop formal tools for these processes, as well as leverage its data in impact review.

### Assessment methodology and scope

MicroVest provided BlueMark with the relevant supporting documentation for the policies, processes, and tools related to the IM system applicable to the Covered Assets. The scope of BlueMark’s work was limited to processes in place related to the Covered Assets as of December 2023. BlueMark’s assessment of the IM system included an evaluation of both the system itself and supporting documentation, as well as the consistency of the draft disclosure statement with the IM system. BlueMark believes that the evidence obtained in the scope of its assessment is sufficient and appropriate to provide a basis for our conclusions.<sup>3</sup>

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. Interviews with MicroVest staff responsible for defining and implementing the IM system;
3. Testing of selected MicroVest transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to MicroVest, 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 MicroVest in accordance with the agreement between our firms, to assist MicroVest in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit MicroVest to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate MicroVest’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 MicroVest for our work or this statement except where terms are expressly agreed between us in writing.

### About BlueMark

BlueMark, a Delaware-registered public benefit 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 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. Its outside investors include S&P Global, Temasek Trust Capital, Blue Haven Initiative, Gunung Capital, Tsao Family Office, Ford Foundation and Radicle Impact. For more information, please visit [www.bluemarktideline.com](http://www.bluemarktideline.com).

<sup>3</sup> 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 MicroVest. BlueMark has relied on the accuracy and completeness of any such information provided by MicroVest. The assessment results represent BlueMark’s professional judgment based on the procedures performed and information obtained from MicroVest.