2020 DISCLOSURE STATEMENT

OPERATING PRINCIPLES FOR IMPACT MANAGEMENT
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Blue like an Orange Sustainable Capital (Blue like an Orange) is a founding signatory to the Operating Principles for Impact Management.

The following Disclosure Statement covers all assets managed by Blue like an Orange, namely Latin America Fund 1 ("Latin America Fund I" or "Fund I").

All assets under management are aligned with the Principles, with currently covered assets in the Fund totaling approximately $93 million. The total funds raised for the Fund I are approximately $204 million, and they will also be managed in accordance with the Principles.

Suprotik Basu
Partner & Founder, Head of Impact
Blue like an Orange Sustainable Capital
I. 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.

Blue like an Orange’s strategy for progress

Structured Credit: flexible financing to support entrepreneurs

Structured credit allows companies to expand operations without giving up ownership or control and can create a more efficient financial structure, and can strengthen incentives for entrepreneurs to build and grow their businesses. Blue like an Orange recognized the large and growing demand for more flexible financing in emerging markets - and in Latin America and the Caribbean in particular - especially coming from mission-aligned providers of capital and businesses in the region. This prompted Blue like an Orange to focus on filling this financing gap for entrepreneurs by focusing on mezzanine financing for its first Sub-Fund, Blue like an Orange Sustainable Capital Latin America Fund I (“Latin America Fund I” or “Fund I”).

Areas of sustainable investing

Latin America Fund I focuses its investments on primarily, but not exclusively, several key sectors where responsible business can affect social change.

a. Sustainable Infrastructure and Technology Enabled Services
Blue like an Orange aims to support the development of sustainable infrastructure and technology enabled services by investing in, among others, high quality information technology, affordable, clean and reliable energy, sanitation, and transport, especially to those who are currently operating with limited or no access, as well as networks infrastructure, including data and voice services providers. These investments will not only develop infrastructure but will also support quality employment for people in the surrounding communities.

b. Financial Services
Access to safe, transparent, convenient and affordable banking and finance is critical to building a business of any size, and in most developing countries access to capital is extremely limited. Blue like an Orange invests in organizations that meet these standards and seek to provide capital and banking services to unbanked or underbanked customers. Blue like an Orange investees are working to empower their customers by offering equal rights to control their own economic resources in a bid to reduce poverty.

c. Social Infrastructure (Health and Education) and Agriculture
**Education**

Providing every child access to education could boost GDP by an average of 28% per year in lower-income countries. Parents at every socio-economic level in developing countries have demonstrated a willingness to dedicate a significant amount of income to educating their children. Blue like an Orange seeks to support traditional and innovative education models to reach a greater segment of the population, and also puts a strong emphasis on vocational training and workforce readiness.

**Health**

Investing in health ensures individuals and economies can reach their full productive potential, with healthcare being a rapidly growing sector in Latin America and more broadly. Blue like an Orange seeks to capitalize companies that have demonstrated consistent improvements to population health and contribute to strengthening health systems in support of achieving Universal Health Coverage. Almost half of all SDG indicators are “health-related”, so our investment impact will be assessed against not only SDG3 but across all of the health-related SDGs.

**Agriculture**

Ending hunger and ensuring sustainable and secure food production is essential to economic growth, employment and national security. Blue like an Orange seeks to invest in companies that promote improved livelihoods for farm owners and workers, and provide access to more efficient markets, sustainable technology, inputs and processing equipment, and capacity building and technical education.

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**A strategic focus on the SDGs**

While each of the above sectors can be mapped against the SDGs, at a “firm level”, as part of the review of the approach toward SDG achievement, Blue like an Orange determined that there are certain Goals on which it would like to focus and are “cross-cutting”, regardless of the what sector the individual investment covers.

The SDGs are obviously a vast agenda for improving the state of the world. At the same time, Blue like an Orange has limited resources to deploy as well as has a specific geographic focus in the first sub-Fund, Latin America Fund 1. Blue like an Orange management discussed the SDGs specifically in the context of the impact it would like to make with the Fund, in addition to the sector-by-sector focus.

The Partners determined that certain, specific SDGs are important enough to “cut-across” every investment made. The following are the four mandatory goals chosen to apply against the portfolio and pipeline which are “transaction-agnostic”. More is covered later in this disclosure with regard to Blue like an Orange’s overall SDG approach and our newly developed, ratings tool, known as SDG Blue.

In constructing our approach, Blue like an Orange determined that regardless of the sector, country, size of the investment, or other metrics – that goals around inclusive job creation, equal treatment of women, the importance of innovation and technology, and climate – were simply too important to not measure. Each borrower is informed of this ex-ante, representing a strong set of core values and principles that guide our origination and investment approach.
A unique cooperation model with Development Finance Institutions

Development Finance Institutions (DFIs) have unique knowledge and resources to thoroughly source and carry in-depth investment reviews. By working with DFIs, Blue like an Orange can conduct a more cost-effective due diligence process on potential investments, have preferred access to deal flow, assess development impact using high, market leading standards, and gain better access to data on social and financial performance.

In its first DFI relationship, focused on Latin America Fund I, Blue like an Orange is working with the Inter-American Development Bank (IDB) Group’s private sector institution, IDB Invest. IDB Invest is the only multilateral organization devoted solely to the development of Latin America and the Caribbean through the private sector. It has around US$13.4 billion in resources under management for co-financing, and 29 regional offices.

A co-financing framework agreement was signed in June 2018 between Blue like an Orange and IDB Invest, followed by a first legal co-financing agreement in December 2018.

In addition to its relationship with IDB Invest, Blue like an Orange utilizes its substantial network of contacts and partnerships with stakeholders across the region, to source and finance potential opportunities.

A “No Trade-off” Investment Policy between sustainable impact and financial returns

Blue like an Orange believes in a “no trade-off” principle between market level rates of financial returns and sustainable development outcomes aligned with the SDGs. A strict due diligence process is followed for making investment selections in direct support of the SDGs and Blue like an Orange’s commercial objectives.
Assessing the impact against several measurable standards

Tangibly measuring the social progress of the investments is paramount to Blue like an Orange’s responsible investment approach.

Since the origin and goal of the Fund is to contribute to the Sustainable Development Goals by mobilizing private capital, the impact of all transactions is assessed against these goals, in both the screening and monitoring process.

In 2019, Blue like an Orange refined its approach to SDG impact assessment and developed an internal rating system to rate each investment against the SDGs. Named, “SDG Blue” - the rating system has been in used since Q4 2019 as a key part of the Investment Committee decision making process, and is used actively as part of pipeline development as well.
II. 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 Monitoring**

"Projected vs Actual"

Prior to executing the loan, Blue like an Orange agrees on set of indicators with regard to sustainable impact, and sets clear projections (usually annually, sometimes quarterly) to be achieved. Depending on the transaction, some of these projections relate to the “additional” or “incremental” impact being generated as result of the Blue like an Orange investment, though we recognize the fungibility of money.

*SDG Blue Annual Review*

Blue like an Orange rates investments in its portfolio at least annually based on the SDG Blue rating system. In order to back-test the SDG Blue rating system, the rating has been applied to investments in portfolio as of December 2019, using FY 2019 performance indicators.

"Reach Target” indicators evaluation

Blue like an Orange monitors and shares the Fund’s progress against “Reach Targets” on at least an annual basis with investors.

Blue like an Orange originally set “Reach Targets” in order to manage more specifically the Fund I’s contribution to SDGs in three key sectors: sustainable infrastructure and technology enabled services, access to finance and access to social infrastructure (comprised of healthcare, education and agriculture).

The “Reach Targets” have been set for a mock portfolio across the Fund I on the basis of a $200 million fund size. Blue like an Orange management is reflecting on the relevance and importance of setting “reach targets” at Fund level, given the limited information that “persons reached” provides with regard to the achievement of meaningful social impact, whilst recognizing some value in the portfolio approach.
<table>
<thead>
<tr>
<th>Key sector</th>
<th>“Reach targets” based on $200m Fund I Size</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Access to sustainable infrastructure and technology enabled services</strong></td>
<td>Reach Target: 350,000 people with access to sustainable infrastructure</td>
</tr>
<tr>
<td>Suggested Goals: SDG 1,6,7,8, 9,11, and 12</td>
<td></td>
</tr>
<tr>
<td><strong>Access to finance</strong></td>
<td>Reach Target: 153,000 clients (SME and Micro) with access to financial services</td>
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<tr>
<td>Suggested Goals: SDG 1,8, and 9</td>
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</tr>
<tr>
<td><strong>Access to social infrastructure (healthcare, education), and agriculture</strong></td>
<td>Reach Target: 350,000 people with access to social infrastructure and agricultural services</td>
</tr>
<tr>
<td>Suggested Goals: SDG 1,2,3, 4 and 15</td>
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 Assisting portfolio companies through training programs to help them reach their sustainability targets

Our relationship with IDB Invest enables the companies in the Fund I’s portfolio to benefit from continuous support to help them achieve the expected sustainability and social impact.

All companies that are joint Blue like an Orange and IDB Invest investments are eligible to attend workshops and trainings organized by IDB Invest in order to assist the company’s ability to enhance their performance against the standards.

For instance, in June 2019, for the second year, IDB Invest hosted their annual “Sustainability Week” in Panama. IDB Invest’s Sustainability Week has positioned itself in the region as a platform and forum for sharing experiences and developing knowledge networks. The event has become the major knowledge forum on social, environmental and corporate governance sustainability for the private sector in Latin America and the Caribbean.

This year’s focus was risk management and the measurement of development impact related to the Sustainable Development Goals (SDGs). Participants included business partners, investors, and companies in various sectors and industries, such as infrastructure (transportation, energy, water and sanitation, etc.), financial institutions, agribusinesses, manufacturing, tourism and other sectors.
III. 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.

Blue like an Orange reviews systematically and documents the progress of each investment in achieving impact against expectations. Decisions and processes are improved based on the achievement of impact and according to the lessons learned. When IDB Invest is in the transaction, they generally lead on “supervision”. When Blue like an Orange is in the lead, our team oversees the supervision process.

Environmental and Social Action Plan Follow up

Blue like an Orange (and IDB Invest when they are in the transaction) monitor progress made against each investment’s Environmental and Social Action Plan. This occurs whether or not IDB Invest is in the transaction.

DELTA Score and IDB monitoring

IBD Invest has contractual rights to perform an evaluation of each company’s DELTA Score as well as other indicators on an annual basis, when they are in the transaction. As agreed, Blue like an Orange receives updates from IDB Invest regarding these evaluations, on at least an annual basis, but only when IDB Invest is in the transaction.
IV. 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.

Blue like an Orange systematically sets impact objectives at the Fund and portfolio level, assesses each potential transaction against measurable social and environmental investment standards, and monitors and systematically reviews progress made against these objectives. Constantly seeking to learn during the review and the monitoring of its portfolio, Blue like an Orange aims to improve its approach.

Not only are investments considered at “ESG” level (essentially the “do no evil component”, utilizing the IFC Performance Standards to this end), Blue like an Orange examines what proactive “good” it is doing through focusing on the UN SDGs. In addition, as part of its SDG Blue process, Blue like an Orange assesses not only the positive impact, but also what negative impacts that might be created. Not only is this considered at score level, depending on what negative impact is generated and its severity, it is also considered as part of the Environmental and Social Action plan, that is developed for each investment.

A systematic and three-layered ESG and sustainable impact evaluation of the potential deals

Blue like an Orange conducts a systematic ESG and sustainable impact assessment of each potential investment against objectives: ESG Review, DELTA Review (when IDB is in the transaction), SDG Assessment using SDG Blue.

This three-layered evaluation systematically includes reviews by independent parties and is required to meet minimum thresholds in order to proceed with the investment. The outcome of this assessment constitutes a specific section of the memorandum prepared for the Investment Committees and discussed among its members.

ESG evaluation according to the IFC performance standards

For each potential deal, Blue like an Orange first carries a full Environmental, Social, and Governance review according to the IFC Performance Standards for each potential deal.
When IDB Invest is a co-investor, they conduct this initial assessment on behalf of both themselves and Blue like an Orange with their internal experts, and which are independent from the investment team, using their Environmental and Social Safeguard Assessment. The standards included in their Environmental and Social Safeguard Assessment consist of the IFC Performance Standards, IDB Environment and Safeguards Compliance Policy, other IDB safeguard policies and sector guidelines and the World Bank Group/IFC Environmental Health and Safety (“EHS”) Guidelines (including both General EHS guidelines and Industry Sector EHS Guidelines).

When Blue like an Orange is leading the transaction, it oversees the evaluation following the IFC Environmental and Social Performance Standards, and if needed through the use of independent external consultants.

Following the independent assessment of the potential investment against these standards, IDB Invest and Blue like an Orange develop an Environmental and Social Action Plan with the borrower, which is required to comply with it and is a condition for loan signature.

**Assessment of the social and environmental benefit with DELTA**

When IDB Invest is a co-investor with Blue like an Orange, each transaction is evaluated by an independent team at IDB Invest and receives a Development Effectiveness Learning Tracking Assessment score, or DELTA (DELTA score between 0 and 10) to assess the social and sustainable impact of the transaction and the additional benefit of the IDB/Blue like an Orange investment. If the investment scores below 5, it cannot proceed either to IDB Invest or Blue like an Orange Investment Committee.

The DELTA score looks at both qualitative and quantitative assessment of the development outcomes and allows the investments to be compared across its own portfolio. This scoring is a unique proprietary model of IDB Invest. When Blue like an Orange is evaluating a transaction independently, the SDG Blue rating system applies even if DELTA is not run.

**Measuring impact against the SDGs**

Since Blue like an Orange is committed to contributing to the achievement of the Sustainable Development Goals by mobilizing private capital, impact objectives are determined, both at the Fund level, and at the portfolio company level.

**Assessment against the SDGs and the “SDG Blue” Rating System**

The 17 SDGs are defined by the United Nations in a list of 169 SDG Targets. Progress towards these Targets is agreed to be tracked by 231 unique Indicators. The list of Indicators is regularly updated and agreed upon by the United Nations Statistical Commission.1

As the SDGs were written largely through a “public sector” lens, Blue like an Orange had to “translate” indicators so that they are more appropriate for a private investment approach. In doing so, Blue like

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1 [https://unstats.un.org/sdgs/indicators-list/](https://unstats.un.org/sdgs/indicators-list/)
an Orange engaged in a dialogue with the United Nations at the highest levels, as well as examined other indicator pools, such as GIIN and their IRIS+ effort.

Each potential loan is mapped by Blue like an Orange to the SDGs at Goal, Target and Indicator level. Blue like an Orange’s investment team, at times with the assistance of external consultants if needed, works with the client to determine appropriate indicators, by investment sector. Over time, as the portfolio matures, Blue like an Orange aims to have robust pools – by sector – from which the investment team can draw, which would allow us to compare “apples to apples” at a sectoral level.

In 2019, the list of indicators below was refined, and supplemented by an internal rating system, known as SDG Blue.

Our primary results measurement framework, in addition to the indicator tables outlined in Principle 3, is the SDG Blue Rating tool.

As each potential opportunity is evaluated against the SDGs, it is assigned a score, and a corresponding letter grade. If the opportunity becomes a portfolio company, the score is re-evaluated at least on annual basis. SDG Blue can have a score 0-10. A minimum threshold of 6.0 is required to invest.

The tool works in a similar way to a credit rating score, taking weighted averages based on different categories and adding up points.

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<thead>
<tr>
<th>Rating Category</th>
<th>SDG Blue Rating</th>
<th>Score</th>
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<tbody>
<tr>
<td>A+</td>
<td>&gt;=9.50</td>
<td></td>
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<tr>
<td>A</td>
<td>&gt;=9.00</td>
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<tr>
<td>A-</td>
<td>&gt;=8.75</td>
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<tr>
<td>B+</td>
<td>&gt;=8.50</td>
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<td>B</td>
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1. **Mandatory Goals (Assessed for every investment)**

SDG Blue uses 4 “Mandatory Goals” that are applied to all opportunities and 2 “Business Area Goals”, selected by the investment team that are customized for each opportunity, making the tool clearly defined but flexible. Blue like an Orange has selected “Mandatory Goals”, which each investment must be measured against regardless of sector – these, amongst the SDGs, are the most important to the impact Blue like an Orange seeks to create through Latin America Fund 1.
Goal# 8 (Job creation); Goal# 5 (Gender equality); Goal# 9 (Innovation); and Goal#12 (Sustainability).

2. **Business Area Goals (customized for each opportunity)**

Note that the indicators below are select indicators recommended for a specific type of business. This list is expected to be expanded over time as Blue like an Orange gains more exposure to different sectors as part of pipeline and portfolio development. Not all of the indicators are “required” to be used by the investment team, and additional indicators could be developed and tracked for each project.

To the extent possible, Blue like an Orange is trying to standardize the process and is developing a pool of indicators (including drawing from existing pools, such as IRIS+), from which the investment team must draw. Wherever possible, the scoring against an indicator is benchmarked against industry and/or geographic data – bearing in mind the highly limited availability of such data in many cases.

As described and shown above, the SDG analysis is applied throughout the investment process, in parallel to the “commercial” analysis (the two are, however, intertwined – as SDG elements can often have commercial implications) following these steps:

1. **Assess if there is a fit with the SDGs at least at the Goal level**
2. Inform the borrower about the SDG fit requirement, and the requirement to measure specific indicators before the investment can be made and throughout the investment period

3. In cooperation with the borrower, develop all possible indicators that can be measured

4. Finalize indicators and cross reference with SDGs, picking the most meaningful beyond the mandatory indicators to use in the SDG Blue matrix; note that there may be more indicators measured on a project than used in the SDG Blue measurement; some of the ‘extra’ indicators may be used for bonus points

5. Re-evaluate SDG Blue periodically (at least annually)
V. 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 noted in our answer to Principle 4, for each potential deal, Blue like an Orange carries a full Environmental, Social, and Governance review according to the IFC Performance Standards.

When IDB Invest is a co-investor, they conduct this initial assessment on behalf of both themselves and Blue like an Orange with their internal experts, and which are independent from the investment team, using their Environmental and Social Safeguard Assessment. The standards included in their Environmental and Social Assessment consist of the IFC Performance Standards, IDB Environment and Safeguards Compliance Policy, other IDB safeguard policies and sector guidelines and the World Bank Group/IFC Environmental Health and Safety (“EHS”) Guidelines (including both General EHS guidelines and Industry Sector EHS Guidelines)².

When Blue like an Orange is leading the transaction, it oversees the evaluation following the IFC Environmental and Social Performance Standards, and if needed through the use of independent external consultants.

Following the independent assessment of the potential investment against these standards, IDB Invest and Blue like an Orange develop an Environmental and Social Action Plan with the borrower, which is required to comply with it and is a condition for loan signature. Based on the content of the Action Plan, the borrower and Blue like an Orange jointly and carefully monitor adherence to the agreed plan, and work to meet agreed milestones – paying particular attention to risks that require mitigation or addressing.

Finally, it is important to note that within the SDG Blue Rating system, a score less than 6 for any category implies negative impact – and all negative impacts must be flagged to the Investment Committee so that the tradeoffs might clearly viewed within the decision-making process.

² https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_policy_ehs-general
VI. 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.*

Blue like an Orange utilizes the results framework outlined in Principle 4 on a recurrent basis to monitor progress toward each investment’s impact objectives.

From an ESG standpoint, the pre-agreed Environmental and Social Action Plan, in which certain milestones are outlined prior to investment execution, is the basis for monitoring all ESG implications for each investment.

In addition, as noted earlier, when IDB Invest is in the transaction, the DELTA score is re-run on an annual basis, with the results from the previous year compiled over the first two quarters of the following year, and are included in Blue like an Orange’s annual Sustainability and Impact Report.

With regard to SDG Blue, the score is similarly re-run on an annual basis – with clear explanations about score improvement or deterioration clearly articulated, along with steps to address deterioration issues discussed within the management team – and, where appropriate, with the borrower.

Finally, each investment contains a results monitoring framework, with agreed indicators and “projected versus actual” targets. Depending on the framework, the each indicator has its own reporting cadence – i.e. quarterly or annually.
VII. 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.*

As a provider of private credit, the traditional concept of an “exit” does not apply well given our investment instrument.

Each investment is “self-liquidating” at the outset, and while Blue like an Orange does utilize equity-like investments (e.g. warrants, convertible options) as part of its capital provision where appropriate. However, these represent a very small percentage of the deployed capital, and when the options are exercised, we will take into account the sustainability of the impact when making exit decisions.

We would encourage, as part of the ongoing evolution of the Operating Principles for Impact Management, for Principle 7 to be examined through the lens of credit provision.
VIII. 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 internal evaluation of the sustainability impacts of the transactions over their lifecycle, performed by the investment team, is one of the key components of Blue like an Orange’s systematic assessment procedure of every transaction. Thus, the ESG assessment is fully integrated during the whole investment process, from screening to monitoring. This integration reinforces the “no trade-off” principle between market level rates of financial returns and sustainable development outcomes.

In addition to recurrent review of the portfolio over the course of the year, in Q2/Q3 of each year, Blue like an Orange provides its investors with an Annual Sustainability and Impact Report, which includes a section outlining portfolio and investment performance, investment by investment, against the agreed indicators.

Improvements and deteriorations are both noted, with the latter requiring an explanation of what steps are being taken to improve the declines.

Independent Sustainability and ESG advisory Committee

The Sustainability and ESG advisory Committee reviews Blue like an Orange’s approach and policies as well as provides recommendations for improvements and modifications. The Committee acts as an independent sounding Board for potential issues that arise during investment preparation and portfolio management.

In addition to including all of Blue like an Orange’s Founding Partners, “independent” members are:

Jamie Cooper - President, Big Win Philanthropy
Dr. Paul Farmer - Kolokotrones University Professor, Harvard University; Co-Founder and Chief Strategist, Partners in Health
Gabriel Jaramillo - Former President, Santander Brazil; former Chairman and CEO, Sovereign Bank; former General Manager, Global Fund to Fight AIDS, TB and Malaria
Joy Phumaphi - Executive Secretary, African Malaria Alliance (ALMA)
Paul Polman - Former CEO of Unilever
Ambassador (ret.) John Simon - Managing Partner, Total Impact Capital

The first Committee was held in November 2019. The Committee reviewed Blue like an Orange’s existing sustainability strategy and approach, inclusive of the sustainability and impact profile of the existing portfolio and its fit with the SDGs, and reviewed the draft “SDG Blue” shadow rating system.
The Committee confirmed its support to the strategy and SDG Blue rating system, and encouraged the management to rollout SDG Blue in Q1 2020 as per the current plan.

**External resources for ESG and Sustainability management**

Finally, the use of external evaluation during the pre-investment process, both in the ESG assessment phase — through the work with IDB Invest’s independent experts or with consultants— and during the DELTA pre-investment evaluation, supports a degree of independence in the evaluation process.
IX. 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.

As a Founding Signatory to the Operating Principles for Impact Management, Blue like an Orange Sustainable Capital is committed to an independent verification of the alignment if its process and procedures with the Principles.

To this end, Blue like an Orange commissioned KKS Advisors, to carry out the independent review. The confirmation of the alignment is being disclosed publicly.

We are currently planning to carry out an independent verification of our adherence to the Principles every 3 years, but will do so more frequently should there be significant changes to our strategy and/or approach.