

V e r i f i e r S t a t e m e n t

Independent Verification Report

Prepared for LeapFrog Investments: January 2023

I n t r o d u c t i o n

As a signatory of the Operating Principles for Impact Management (the Impact Principles)¹, LeapFrog engaged BlueMark to undertake an independent verification of the alignment of LeapFrog's impact management (IM) system with the Impact Principles. LeapFrog's assets under management covered by the Impact Principles (Covered Assets) totals \$1.6 billion², for the period ending 05/2022.

S u m m a r y a s s e s s m e n t c o n c l u s i o n s

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

Principle 1: LeapFrog has a well-evidenced fund level theory of change demonstrating the linkages between firm activities and ultimate impacts. Investment strategies articulate clear impact theses for each sector and sub-sector.

Principle 2: FIIRM, LeapFrog's measurement framework, is a standardised system for managing impact data. Investee FIIRM data collected quarterly enables portfolio-wide impact monitoring. Employee bonuses are tied to impact KPIs.

Principle 3: LeapFrog contributes to the impact of its investments by engaging intentionally with investees and developing company-specific value creation plans. Impact case studies present evidence of LeapFrog's commitment to monitoring the actual impact of its approach(es) to investor contribution.

Principle 4: LeapFrog's Deal Process Guide and ESG Impact DD Guide demonstrate a consistent ex-ante process for evaluating the expected impact of all investments along four key impact pillars identified within FIIRM. FIIRM impact metrics are aligned with IRIS+. To improve, LeapFrog could more systematically consider all types of impact risk.

Principle 5: LeapFrog has a robust Environmental and Social Management System applied throughout the investment lifecycle. ESG factors are monitored via FIIRM data, while ESG action plans help manage ESG underperformance.

Principle 6: LeapFrog's FIIRM monitoring provides a robust system for tracking emerging consumer reach alongside other impact data. Consumer surveys provide valuable insights into impact experienced by customers.

Principle 7: LeapFrog's Responsible Exit Framework considers whether portfolio companies have met both financial and social targets and evaluates whether potential acquirers will continue serving emerging consumers and respect the rights of employees. To improve, LeapFrog's Framework should highlight tools already used to enhance impact sustainability.

Principle 8: LeapFrog reviews impact performance and lessons learned in knowledge sessions, team off-sites, and quarterly LP reports. To improve, LeapFrog should continue to formalise impact review processes, clarifying roles and responsibilities and documenting insights.

¹ 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."

² Assets under management figure as reflected in LeapFrog's OPIM Disclosure Statement [as of 05/31/2022]. BlueMark's assessment did not include verification of the AUM figure.

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A s s e s s m e n t m e t h o d o l o g y a n d s c o p e

LeapFrog 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 January 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.⁵

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 LeapFrog staff responsible for defining and implementing the IM system;
3. Testing of selected LeapFrog transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to LeapFrog, 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.

P e r m i s s i o n s

This statement, including our conclusions, has been prepared solely for LeapFrog in accordance with the agreement between our firms, to assist LeapFrog in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit LeapFrog to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate LeapFrog'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 LeapFrog for our work or this statement except where terms are expressly agreed between us in writing.

A b o u t B l u e M a r k

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.

⁵ 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 LeapFrog. BlueMark has relied on the accuracy and completeness of any such information provided by LeapFrog. The assessment results represent BlueMark's professional judgment based on the procedures performed and information obtained from LeapFrog.