

Verifier Statement

Independent Verification Report

Prepared for Nippon Sangyo Suishin Kiko: November 22, 2024

Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)¹, Nippon Sangyo Suishin Kiko (NSSK) engaged BlueMark to undertake an independent verification of the alignment of NSSK’s impact management (IM) system with the Impact Principles. NSSK’s assets under management covered by the Impact Principles (Covered Assets) totals \$1,134 million², as of November 2024.

Summary assessment conclusions

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

Principle 1: NSSK has embedded sustainability goals within its mission statement. To improve, NSSK should ensure that the impact intentions and goals of each of its covered funds are clearly defined.

Principle 2: NSSK assesses 66 ESG indicators across each investment and considers employee contributions to the ESG values of the firm in staff evaluations. To improve, NSSK should develop a process to systematically review portfolio-wide progress against impact targets.

Principle 3: NSSK has developed a value investing process called the NSSK Value Up Program. To improve, NSSK should assess its expected investor contribution to the impact of each investment.

Principle 4: NSSK conducts a qualitative assessment of expected impact in ICR Memos. To improve, NSSK should develop a structured impact assessment process to apply to each investment.

Principle 5: NSSK maintains an ESG checklist for each investment and conducts third-party ESG due diligence. To further align, NSSK should develop a process for managing ESG underperformance.

Principle 6: NSSK has an existing process for reviewing ESG metrics against targets and prior results. To improve, NSSK should develop a documented process description for impact monitoring.

Principle 7: The Value Creation and Exit Committee (VCEC) considers impact at exit. To improve, NSSK should document the VCEC’s work and develop a standardized exit checklist or template.

Principle 8: In monthly ESG Committee meetings, NSSK reviews portfolio performance and identifies actions and initiatives to improve. To further align, NSSK should formalise a policy detailing impact review protocols, roles and responsibilities.

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 NSSK’s draft Disclosure Statement as of 11/07/2024. BlueMark’s assessment did not include verification of the AUM figure.

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Assessment methodology and scope

NSSK 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 November 2024. 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.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. Interviews with NSSK staff responsible for defining and implementing the IM system;
3. Testing of selected NSSK transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to NSSK, 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 NSSK in accordance with the agreement between our firms, to assist NSSK in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit NSSK to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate NSSK’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 NSSK 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

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

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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; and Portland, OR; and is headquartered at 154 W 14th St, 2nd Floor, New York, NY 10011. 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.bluemark.co.