BLUE MARK

Verifier Statement

Independent Verification Report

Prepared for European Bank for Reconstruction and Development: November 20, 2024

Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)[1], European Bank for Reconstruction and Development (EBRD) engaged BlueMark to undertake an independent verification of the alignment of EBRD's impact management (IM) system with the Impact Principles. EBRD's assets under management covered by the Impact Principles (Covered Assets) totals $61.9 billion[2], as of December 31st, 2023.

Summary assessment conclusions

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

Principle 1: EBRD has a clear impact objective focusing on accelerating transition impact through three strategic themes, supported by an evidence-based Theory of Change, deep sector expertise, and a proven track record under its 2021-2025 Strategic and Capital Framework.

Principle 2: EBRD utilizes its Transition Impact (TI) methodology to compare and assess the impact of investments through Expected Transition Impact (ETI) and Portfolio Transition Impact (PTI) scores. EBRD has also linked staff's performance-based compensation based on portfolio-level impact.

Principle 3: EBRD consistently assesses its expected financial and non-financial contributions to each investment by leveraging its Enhanced Approach to Additionality Framework. The Bank monitors the progress and outcomes of those value-add activities through the annual Transition Impact Management System (TIMS) review.

Principle 4: EBRD assesses each investment's potential impact through a standardized questionnaire that evaluates all fundamental aspects of impact and results in an ETI score, adjusted for relevant factors such as country strategies.

Principle 5: EBRD screens each investment against its Performance Standards (PRs) to ensure compliance with the minimum social and environmental risk standards. The Bank monitors ESG risks and ensures mitigation activities are effectively implemented through Social and Environmental Action Plans.

Principle 6: EBRD compares the impact performance data of each investment against both baseline and target values during the annual TIMS review. A PTI score is calculated based on performance and is compared to the ETI score to inform progress made.

Principle 7: EBRD sustains impact post-exit through various levers and completes an exit memo summarizing impact performance achieved during the ownership period. To further align, EBRD should develop a policy outlining its approach to sustain impact across different project types and asset classes and assess the likelihood of impact will continue based on various factors.

Principle 8: EBRD reviews project outcomes and reflects on key lessons learned upon project completion. The team also regularly evaluates its impact management processes and continuously improves its tools and systems based on insights that emerged through the review processes.

[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 2024 Disclosure Statement as of December 31, 2023. BlueMark's assessment did not include verification of the AUM figure.

Verifier Statement

Independent Verification Report

Prepared for European Bank for Reconstruction and Development: November 20, 2024

Assessment methodology and scope

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

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