

# Verifier Statement

## Independent Verification Report

Prepared for Quadria Capital: 15/02/24

### Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)<sup>1</sup>, Quadria Capital engaged BlueMark to undertake an independent verification of the alignment of Quadria Capital’s impact management (IM) system with the Impact Principles. Quadria Capital’s assets under management covered by the Impact Principles (Covered Assets) totals \$1.28 billion<sup>2</sup>, for the period ending 12/2023.

### Summary assessment conclusions

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

*Principle 1:* Quadria Capital’s strategic focus on healthcare in emerging markets is underpinned by its four-pillared Impact Circle and directly linked to relevant SDGs. To further align, the firm should continue developing the logic, assumptions and evidence associated with its Impact Circle to establish links between its strategy, related activities, and impact goals.

*Principle 2:* Quadria Capital utilises a standardised approach to manage each investment’s impact in line with its Impact Circle and incorporates impact performance into select team appraisals. To further align, the firm should consistently review impact performance against targets and explicitly link impact achievement with staff incentives for all employees.

*Principle 3:* Quadria Capital’s intended value-add activities are directly linked to its long-term impact goals and aligned with the IMP’s investor contribution framework. To further align, the firm should consistently assess and monitor its contribution to each investment’s impact, using results achieved to validate and refine the overall approach.

*Principle 4:* Quadria Capital assesses each investment’s expected impact in line with the IMP’s five dimensions, using differentiated KPIs to produce composite scores that reflect current and projected impact. To further align, the firm should consistently implement its intended approach and incorporate assessments of indirect negative impacts.

*Principle 5:* Quadria Capital integrates ESG considerations across all stages of the investment lifecycle, including detailed ex-ante due diligence and investment-level action plans to support risk mitigation. Progress is monitored using monthly reports and annual summaries, with third-party audits to identify underperformance and enable corrective measures.

*Principle 6:* Quadria Capital monitors each investment’s impact against differentiated KPIs on a quarterly basis, as well as an annual review against anticipated impact at exit. To further align, the firm should develop a structured approach to address impact underperformance and incorporate end-beneficiary insights to validate results achieved.

*Principle 7:* Quadria Capital’s approach to sustaining impact at exit includes ex-ante actions (i.e., impact covenants, projected impact estimations), as well as an analysis of impact performance relative to targets. To further align, the firm should clearly establish all levers utilized to ensure sustained impact and enhance documentation to reflect the same.

*Principle 8:* Quadria Capital has multiple structured forums to discuss key learnings and monitor investment performance. To further align, the firm should ensure these forums incorporate regular review of investment-level impact performance and broader unintended impacts, leveraging key learnings to refine its overarching impact strategy and IM system.

<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 provided by Quadria Capital as of 31/12/2023. BlueMark’s assessment did not include verification of the AUM figure.

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### Assessment methodology and scope

Quadria Capital 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 15/02/2024. 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.<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 Quadria Capital staff responsible for defining and implementing the IM system;
3. Testing of selected Quadria Capital transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to Quadria Capital, 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 Quadria Capital in accordance with the agreement between our firms, to assist Quadria Capital in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit Quadria Capital to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate Quadria Capital'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 Quadria Capital 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.bluemark.co](http://www.bluemark.co).

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