

# Verifier Statement

## *Independent Verification Report*

Prepared for Coeli Circulus: February 10, 2023

### Introduction

Coeli Circulus engaged BlueMark to undertake an independent diagnostic verification of the alignment of Circulus’ impact management (IM) system with the Operating Principles for Impact Management (the Impact Principles).<sup>1</sup> BlueMark’s diagnostic conclusions are intended to provide Circulus with learning output on the extent of its alignment.

### Summary assessment conclusions

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

*Principle 1:* Circulus defines its impact objective as contributing to the achievement of the Sustainable Development Goals (SDGs) and has developed a proprietary “SDG Taxonomy” to link investee activities to specific SDG targets and indicators. Circulus evidences its impact strategy with literature, and partners with academia and incubators to deepen their evidence base.

*Principle 2:* Circulus uses its Impact Analysis tool to compare and manage impact across investments and intends to assess portfolio-level impact annually by measuring progress towards each of the SDGs addressed by its investments. To further align, Circulus should develop a system to align staff incentives with impact performance.

*Principle 3:* Circulus articulates its expected investor contribution through an assessment against three investor contribution mechanisms based on the Impact Management Project’s (IMP) investor contribution strategies. With time, Circulus plans to monitor progress and capture the effects of its investor contribution efforts on a semi-annual basis and can expect further alignment once implemented.

*Principle 4:* Circulus has a structured process to assess expected impact of its investment ex-ante, centered on the IMP’s 5 dimensions of impact, UN SDG Ambition Benchmarks, and good governance. The Circulus team identifies specific impact pathways linked to SDG targets and corresponding IRIS+ metrics.

*Principle 5:* Circulus has developed an ESG framework based on the UN SDG Ambition Benchmarks, SFDR PAIs, and DNSH criteria. The fund plans to monitor ESG performance through ISS ESG, site visits, and monthly risk reviews. To further align, Circulus should formalize a process for identifying and addressing ESG underperformance of its investees.

*Principle 6:* Circulus has a process to monitor impact performance semi-annually, capturing material changes, lessons learned, and progress towards outcomes. To further align, Circulus should implement plans to evaluate baselines and targets for IRIS+ metrics and SDG indicators, and correspondingly measure progress towards those targets over time.

*Principle 7:* Circulus has developed an Exit Analysis framework to assess the sustainability of impact at exit based on key factors. Circulus draws on the levers available to embed impactful practices through engagement to help ensure the sustainability of impact beyond holding. Circulus can expect further alignment with time and consistent implementation of its Exit Analysis assessment.

*Principle 8:* Circulus has a process to review and document the impact performance of each of its investments through semi-annual Impact Follow-up review meetings, and annual portfolio-wide impact reviews. To further align, Circulus should develop a process to ensure lessons learned from impact review are used to improve investment processes and decision-making.

<sup>1</sup> Coeli Circulus is not currently a signatory to the Impact Principles. BlueMark’s diagnostic verification was undertaken as an independent assessment exercise and does not represent an official verification of the alignment to the Principles.

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### Assessment methodology and scope

Circulus provided BlueMark with the relevant supporting documentation for the policies, processes, and tools related to the IM system. The scope of BlueMark’s work was limited to processes in place as of February 2023. BlueMark believes that the evidence obtained in the scope of its assessment is sufficient and appropriate to provide a basis for our conclusions.<sup>2</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 Circulus staff responsible for defining and implementing the IM system;
3. Testing of selected Circulus transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to Circulus, 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 Circulus in accordance with the agreement between our firms. We permit Circulus to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate Circulus’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 Circulus for our work or this statement except where terms are expressly agreed between us in writing.

### About BlueMark

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](http://www.bluemarktideline.com).

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<sup>2</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 Circulus. BlueMark has relied on the accuracy and completeness of any such information provided by Circulus. The assessment results represent BlueMark’s professional judgment based on the procedures performed and information obtained from Circulus.