

## Independent Verification Report

### Independent Verification:

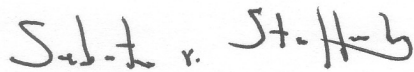
Luminis Advisors, LLC (“Verifier”) was asked to verify that the impact management system (“IMS”) of the Forestry and Climate Change Fund (“FCCF”), as described in its internal policies and procedures (collectively, the “Policies”) and summarized in the disclosure statement of Investing for Development SICAV<sup>1</sup> (the “Signatory”) dated August 17, 2021 (the “Statement”), is aligned with the Operating Principles for Impact Management (each, an “Impact Principle” and collectively, the “Impact Principles”), in accordance with Principle 9. FCCF reports total assets under management in alignment with the Impact Principles of USD 7.1 million as of March 31, 2021 (the “Covered Assets”).

### Methodology and Scope of Independent Verification:

- Verify that the Policies address, and are in alignment with, each of the Impact Principles.
- Assess the relevance, completeness, reliability, neutrality, and understandability of FCCF’s IMS, as outlined in the Policies and summarized in the Statement.
- Interview key members of FCCF’s management team responsible for the implementation of its IMS, as outlined in the Policies and summarized in the Statement.
- Perform a comprehensive review of FCCF’s IMS-related internal documentation to verify their alignment with the Impact Principles.
- Verify that all Covered Assets align with the Impact Principles.
- *N.B.: The scope of this Independent Verification does not include any assessment of the adequacy or effectiveness of FCCF’s IMS, nor any verification or qualification of the results achieved.*

### Verifier Statement:

Based on the procedures performed and the review conducted, Verifier believes that FCCF’s Statement is aligned, in all material respects, with the Impact Principles, as it pertains to the Covered Assets.



**Sebastian von Stauffenberg**  
Principal and CEO  
Luminis Advisors, LLC  
August 31, 2021



### About Luminis Advisors, LLC

Luminis Advisors, LLC (“Luminis”) is an independent advisory firm that provides a range of solutions to the impact investment market based on deep industry knowledge, expert risk analysis, and a comprehensive suite of benchmark data. Since its founding in 2014, Luminis has worked with a wide range of stakeholders, including asset managers, investors, as well as other service providers, and completed more than 350 evaluations of over 140 impact investment funds. For more information, visit [www.luminisadvisors.com](http://www.luminisadvisors.com).

<sup>1</sup> A *société d’investissement à capital variable* incorporated under Luxembourg law and registered with the Registre de Commerce et des Sociétés au Luxembourg (RCSL) under number B.148 826.

## Operating Principles for Impact Management – Verifier findings<sup>2</sup>:

Principle	Score*	Comments
P1. Define strategic impact objective(s), consistent with the investment strategy	✓+	Clear theory of change (“ToC”) and impact objectives that are backed by research. Impact targets and meaning of “intended clients” are being clarified over time leading to a more focused ToC. Nonetheless, the objectives and targets are consistent with investment strategy.
P2. Manage strategic impact on a portfolio basis	✓	Focus is on the individual investment level and then aggregated. Portfolio-level monitoring of social performance is improving with maturity of sub-fund and well captured in periodic impact reports.
P3. Establish the Manager's contribution to the achievement of impact	✓	Clear and credible narrative backed by data and research. Although achieving positive outcomes through the investments is largely a result of the Manager’s intervention, the question of <i>how</i> the Manager is contributing to the outcomes could be made clearer.
P4. Assess the expected impact of each investment, based on a systematic approach	✓	Strong screening, robust feasibility studies, and thorough due diligence process together provide the basis for impact expectations and social risk assessment (probability of achieving). Measurement framework is already well-defined and designed with flexibility to accommodate changes over time.
P5. Assess, address, monitor, and manage potential negative impacts of each investment	✓+	Excellent progress reporting and monitoring, with positive "Impact Areas" and ESG risk assessment incorporated into the process. Consistent engagement with investees, including assistance with setting up solid governance practices, and in the stringent FSC certification process. ESG risk mitigation to avoid negative impacts could be fortified.
P6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately	✓+	Systematic impact monitoring and reporting of individual investments. Consistent engagement with investees to evaluate impact and respond with flexibility. Given newness of the sub-fund’s portfolio, impact is currently measured on the input/output level and slowly moving to outcomes. End-client surveys to capture direct client sentiment is positive but could be strengthened.
P7. Conduct exits considering the effect on sustained impact	✓	Exit policies are clear and included in investment making decision making process. Responsible exits are contemplated after financial and social success is achieved. Nonetheless, the policies/procedures seem less formalized and structured.
P8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned	✓	Excellent review and risk report documentation of impact performance. Progress reports have lessons learned and next steps. Feedback loop for adapting policies/procedures based on lessons learned is informally an integral part of the process. Formalizing the process could ensure continuity and standardization.

\* Scoring scale:

- ✓+ *Alignment with Principle exceeds expectations*
- ✓ *Aligned with Principle*
- ✓- *Aligned with Principle but with room for improvement*
- X *Not aligned with Principle*

<sup>2</sup> The decision to publicly disclose these Verifier findings, and/or the specific score(s) assigned to each Principle, is left to the sole discretion of Investing for Development SICAV.