

## Introduction

Japan Social Innovation and Investment Foundation("SIIF"), as the co-General Partner (GP) for both the Japan Impact Investment II Limited Partnership ("HATARAKU FUND(\*)") and the SIIFIC Wellness Fund(\*\*), is committed to upholding the Operating Principles for Impact Management (the Impact Principles). These principles, adopted by over 180 leading global impact investors, provide a framework for embedding best practices in impact measurement and management (IMM) across the entire investment lifecycle—from strategy formulation to deal sourcing, portfolio management, and exit or repayment. As a signatory to the Impact Principles, SIIF integrates IMM rigorously and ensures that lessons learned are continuously applied to enhance our impact performance.

This document provides an update to SIIF's 2023 Disclosure Statement for HATARAKU FUND. And the disclosure statement for the SIIFIC Wellness Fund is newly added for this year. As of August 31, 2024, the HATARAKU Fund manages \$24.96 million USD in assets, while the SIIFIC Wellness Fund manages \$10 million USD as of December 31, 2023. Combined, the Total Covered Assets across both funds amount to \$34.96 million USD.

In accordance with the principles, SIIF is also committed to transparent, annual disclosures of its IMM practices, which are independently verified to ensure accuracy and mitigate the risks of impact washing. BlueMark served as the verification provider for the HATARAKU FUND in 2023, while Phenix Capital Group B.V. verified the practices of the SIIFIC Wellness Fund in 2024.

\*: HATARAKU FUND was established in June 2019, jointly operated by Shinsei Impact Investment Limited and SIIF, inviting a variety of LP investors. Focusing on urgent social issues such as the declining birthrate and aging population, and the labor force shortage, the fund focuses on "working people" and provides investment support for creating an environment where people can "continue working" and develop human resources while going through various life events such as child-rearing and elderly care.

\*\* : The SIIFIC Wellness Fund was established in August 2023 as an impact investment fund in collaboration with SIIF, SIIF Impact Capital(\*\*\*), Kazuhiro Umeda and Reiri Miura which also includes external investors. Through impact investment, the fund aims to solve structural social issues in the wellness field.

\*\*\*: SIIF Impact Capital, Inc. (SIIFIC) is a venture capital firm based in Tokyo, Japan. SIIFIC exist to provide purposeful capital for powerful change to create a world where everyone can live better. SIIF Impact Capital is the co-GP of SIIFIC Wellness Fund. SIIF hold 33% share of SIIF Impact Capital.

## **HATARAKU FUND**

### **Disclosure Statement** **Operating Principles for Impact Management** Japan Social Innovation and Investment Foundation

August 31, 2024

#### **Summary**

Japan Social Innovation and Investment Foundation is a signatory to the Operating Principles for Impact Management (“the Impact Principles”). The Impact Principles provide a reference point for assessing the impact management systems of funds and institutions. They draw on emerging best practices from a range of asset managers, asset owners, asset allocators and development finance institutions.

This Disclosure Statement affirms that the impact management systems and processes applied in Japan Impact Investment II Limited Partnership (“HATARAKU FUND” or the Fund) as the Covered Asset, co-managed by Shinsei Impact Investment Limited and Japan Social Innovation and Investment Foundation, are in alignment with the Impact Principles. The total assets under management is JPY 3,650 million (US\$ 24.96 million)<sup>1</sup> as of August 31, 2024.

#### **Disclaimer**

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network (“the GIIN”) or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, “Affiliate” shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

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<sup>1</sup> Converted based on the USD/JPY TTM rate (146.22) as of August 31, 2024.

**Principle 1:*****Define strategic impact objective(s), consistent with the investment strategy.***

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

**The Fund's Objectives**

The Fund has defined the following two clear objectives:

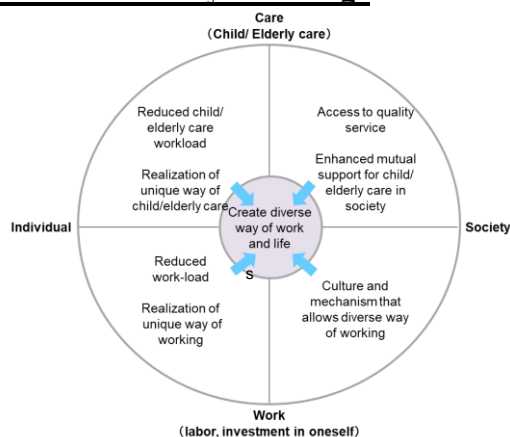
1) Contribution to building Japan's impact investment ecosystem:

As a fully-fledged impact investment fund with the participation of a diverse range of external investors, which is still not common in Japan, the Fund aims to become a leading example in the Japanese impact investment ecosystem through a series of impact measurement and management (IMM) practices, including setting impact strategies and goals, conducting evaluation, monitoring and engagement, reporting, and exiting.

2) Impact generation:

To address Japan's pressing social issues, such as the declining birthrate, aging population and labor shortage, the Fund's investments support the creation of an environment and resources that enable working people to continue their employment/career even during and after major life events such as child rearing and nursing care. In addition, as one of the first impact investment funds inviting blue-chip institutional investors in Japan, we aim to contribute to the development of an impact investment ecosystem in Japan that can serve as a precedent to others, through building up the practice of impact measurement and management (IMM), including the development of impact measurement models, data collection, decision-making and reporting, all taking "Japan angle" in consideration.

To achieve the above impact generation, the Fund aims not only to reduce individual burdens and promote diversity, but also to enhance social systems in the areas of "care," such as childcare and nursing care, and "work," such as work styles and next-generation human resource development, through the Fund's investees. The figure below illustrates the Fund's targeted industry based on our theory of change (ToC).

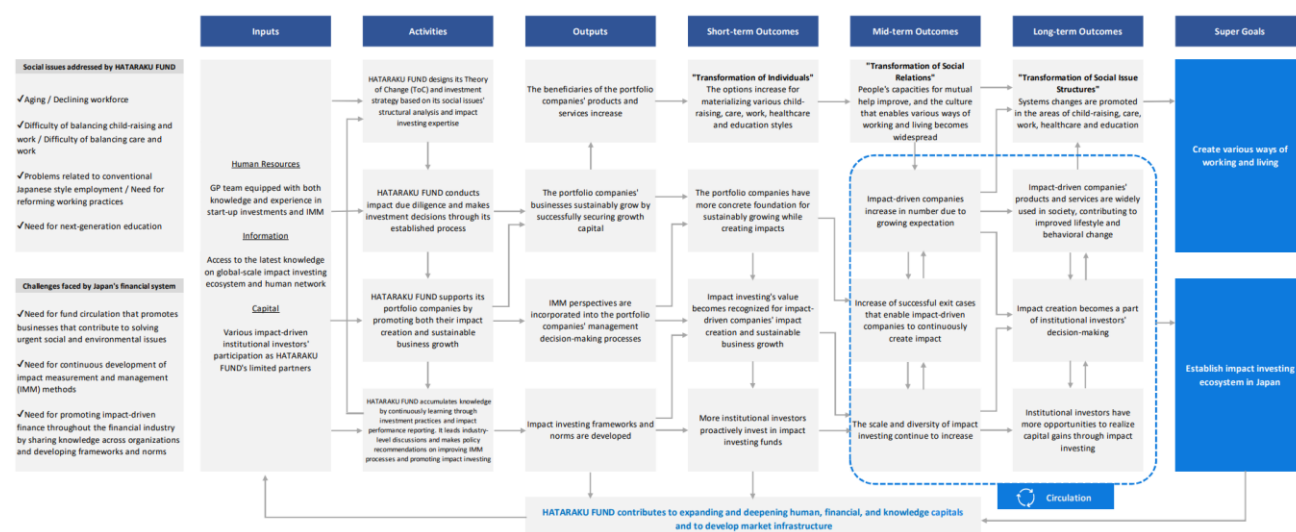
**The Fund's target areas based on its Theory of Change**

When formulating the Fund's ToC, we focused on declining birthrate, aging society and shrinking workforce as structural issues unique to Japan and conducted in-depth research and discussions on each issue. After choosing “creating diverse ways of working and living” as the Fund's core impact goal, we assumed that this change would first occur at the individual level. We thought, however, that we should aim not only for individual transformation, but also for transformation at the societal level (systemic change), which is why we placed “individual” and “society” on the horizontal axis of the ToC diagram above. Additionally, the vertical axis includes “care (life)” and “work (job),” based on the idea that the ToC diagram should cover not only the work styles and job satisfaction of individual workers, but also their own “life and livelihood,” including their health and family.

To manage the Fund, we have operated working groups for each issue area. Each working group analyzes the structure of its designated social issue, as well as statistical data, the legal system and common practices, and identifies parties involved. The analysis's implications are updated as required.





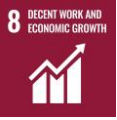
## The Fund's Logic Model

In light of the two aforementioned objectives, a logic model was created defining the supergoals of the Fund as “creating diverse ways of working and living” and “building an ecosystem for impact investment in Japan.” The model presents a hypothesis on how the Fund's activities will lead to the supergoals by considering the entire process, from inputs (including not only financial capital but also non-financial capital such as human resources and information) to activities, outputs, and creation of outcomes, in order to address the social issues and financial system challenges facing Japan.



## SDG Targets Addressed through the Fund's Activities

In terms of SDGs, the Fund aims to contribute to the achievement of SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 5 (Gender Equality), and SDG 8 (Decent Work and Economic Growth) mainly by achieving direct results (outputs), medium-term effects on beneficiaries and stakeholders (outcomes), and long-term effects on society (impacts) through the Fund's activities (inputs). As of December 31, 2022, the Fund's SDG targets addressed through its investees are as follows.

SDGs	Relevant Targets
	1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.
	<p>3.2 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births.</p> <p>3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.</p> <p>3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol.</p> <p>3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.</p> <p>3.a Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate.</p>
	<p>4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.</p> <p>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.</p> <p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</p> <p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.</p> <p>4.b By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries.</p>
	5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.
	<p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.</p> <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and</p>

	<p>encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.</p> <p>8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.</p>
	<p>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.</p>
	<p>9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.</p>
	<p>17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.</p>

**Principle 2:*****Manage strategic impact on a portfolio basis.***

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- The Fund has engaged in building and improving its IMM process to manage the expected impact of the Fund's investments across its entire portfolio, from the selection of investments through post-investment support and monitoring to exits.
- The Fund is a venture capital (VC) fund that invests in Japanese impact startups, and since there were no precedents in Japan that could be referenced, the Fund has been operating in an integrated manner, referring to various standards and frameworks that are being developed globally by organizations such as GIIN, Impact Management Platform (IMP), Impact Frontiers, etc., and interpreting them to suit Japanese society and the Japanese market.
- The Fund's investment period expired in June 2024, and thus the Fund now focuses on the monitoring and exit strategy of each investment.
- Pre-investment Phase Approaches
  - Progress has been made in each of the investment targeted issue areas, while simultaneously maintaining diversification across the portfolio.
    - ✧ The Fund has managed investment progress and diversification against the four quadrants of the Fund's targeted industry.
    - ✧ The Fund has managed investment progress and diversification against the SDGs' 169 targets.
  - The expected impact at due diligence phase has been evaluated qualitatively and quantitatively through a common framework that corresponds to the Fund's seven investment policies described in the Principle 4 section.
    - ✧ This framework is based on the "Five Dimensions of Impact", the framework developed by IMP, with the addition of two fund-specific perspectives: (1) the degree of contribution to the materialization of the Fund's ToC and (2) the structural social change (systemic change) that a potential investee could bring about.
    - ✧ The Fund conducts scoring for each item in the framework to provide a quantitative rating of the impact created by each potential investment and the Fund's contribution to the potential investees, which makes it possible to compare the impact of potential investments in the various issue areas covered by the Fund's ToC and to use the rating, together with qualitative perspectives, to make investment decision. – Ratings are now updated on an annual basis throughout the monitoring period (see "Post-investment Phase Approaches" paragraph).
    - ✧ In addition to the impact created by the targeted startup, this framework also considers the contribution of the Fund as an investor (investor contribution) to the creation of impact.
    - ✧ The "Investor Contribution 2.0" framework developed by Impact Frontiers has been adopted on a trial basis as evaluation criteria for investor contributions described above. Specifically, we are evaluating engagement impact and investment impact.
  - To equalize the level of post-investment contribution to impact creation and impact risk management across the portfolio, at the time of investment agreement the investee and the Fund sign a memorandum of understanding in a common format detailing the scope and

content of IMM approaches.

- Post-investment Phase Approaches

- The Fund shares a common program of impact creation support and monitoring across investees.
- While having supported various IMM practices of its investees, the Fund has developed a post-investment IMM supporting program, which is utilized for new investees and is still under refinements.
- A management dashboard for impact progress at the portfolio level has been developed and is operational.
- Annual Impact Rating Update
  - ✧ The Fund joined the integrated assessment methodology development project run by Impact Frontiers in FY2022. Utilizing the learnings from the project, the Fund, in FY2023, improved its Five Dimensions rating framework to incorporate the Fund's unique impact investment policy standpoint. Since FY2024, the Fund now updates the ratings annually as a part of its post-investment monitoring routine, aiming to track the chronological sequence of the ratings and also make them comparable amongst investee companies.
- Impact Performance Reporting
  - ✧ Progress and challenges in creating impact for each investee are evaluated and analyzed using the Fund's common framework.

- The Fund has manuals in place for each investment phase in order to leverage what we have learned to improve reproducibility of the Fund's impact practices.

- ✧ Our manuals include the following and are to be updated as needed:

- Investment Strategy
    - Sourcing Manual
    - DD Manual
    - Investment Agreement Tips
    - Closing Manual
    - ESG Policy
    - IMM Manual
    - Exit Policy

- Incentive for the Fund Members

- In terms of the performance review of the Fund members, “degree of contribution to investees” is located as one of the performance measures, linking impact performance to staff incentives.
- During the fundraising stage, the Fund shared its LP investors the Fund's objective of creating impact and contributing to Japan's impact investment ecosystem. Since the beginning of its operation, the Fund has regularly disclosed the impact of all investees to the LP investors. This disclosure policy and practice enabled the Fund to maintain a structural incentive to support and monitor impact creation in the portfolio as a whole and in individual investee.



### **Principle 3:**

#### ***Establish the Manager's contribution to the achievement of impact.***

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels<sup>2</sup>. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- The Fund is a VC fund that invests in Japanese impact startups. While providing business growth support as a general VC and a shareholder, the Fund also provides IMM support as an impact investor. Specifically, the fund provides the following support from the perspectives of both business and impact. During the due diligence phase, the Fund assesses its potential investor contributions to each investment by utilizing its impact rating framework based on the “Five Dimensions of Impact.” After making the investments, the Fund monitors the results of its investor contributions and reports to the LPs in its annual impact report<sup>3</sup>.

#### **Business Support**

- Follow-up on Management Progress
  - The Fund members attend board and shareholder meetings of investees and meet with management once a month or more to identify management issues and new business opportunities in a timely manner.
  - The members work with management to assist in formulating management strategies.
- Business Matching Support
  - By leveraging the networks that the Fund members have developed through PE, VC and impact investment careers, as well as the sales resources of Shinsei Impact Investment Limited's larger group financial companies, i.e., SBI Group, the Fund supports the sales growth and strategic alliances of investees by, for example, introducing them to large and regional companies that would otherwise be inaccessible to them as clients.
- Internal Control and Recruitment
  - The Fund members share knowledge of accounting, legal, tax, general affairs, human resources, public relations, etc. with investees and provide advice on internal system development.
  - The members introduce core personnel at the CXO and general manager level to investees.
- Support for Financing and Initial Public Offering (IPO) Preparation
  - The Fund members provide advice on the development of business plans and capital policies in response to the needs of investees.
  - The members assist in financing of investees, including introductions to financial institutions and investors.
  - The members also introduce sustainability and impact-oriented investors to investees and work with other traditional investors to strengthen the branding of investees as impact startups.
  - The members advise on the design of internal controls, the selection of security firms and audit firms to prepare for IPO of investees.

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<sup>2</sup> For example, this may include: improving the cost of capital, active shareholder engagement, specific financial structuring, offering innovative financing instruments, assisting with further resource mobilization, creating long-term trusted partnerships, providing technical/market advice or capacity building to the investee, and/or helping the investee to meet higher operational standards.

<sup>3</sup> <https://hatarakufund.com/report/>

- Assistance in Raising Publicity
  - The Fund members actively promote media exposure of investees. Specifically, the Fund proactively introduce investees when the members speak at events and interviews.

#### Impact-related Support

- Organizing Impact Creation Pathways in Due Diligence
  - The Fund members draft a logic model of the potential investment in dialogue with the management team.
  - The members project core outcomes by examining expected impact, negative risk, etc.
- Post-investment Feedback
  - The Fund members utilize Five Dimensions of Impact, 9 Types of Impact Risks, etc. during due diligence to provide post-investment feedback for investees if required.
- Support for Verbalization and Visualization of Impact
  - The Fund members update the logic model as required.
  - The members assist in the selection and measurement of evaluation indicators, discussing and organizing indicators with the management team.
  - The members assist in the verbalization and implementation of “sustainability management,” comprised of the following measures:
    - (1) Clarification of the company's purpose, mission and vision; (2) identification of background social issues and verbalization of their importance; (3) linkage with the 169 targets of SDGs; (4) organization of the added value of the company's business for solving social issues; (5) organization of pathways for creating impact; (6) preliminary ESG assessment including materiality identification; and (7) organizational assessment.
    - ✧ In identifying ESG materiality of investees, the Fund utilizes the resources of SBI Group.
    - ✧ For visualization of sustainability management, the Fund creates a roadmap based on the timing of IPO of investees.
    - ✧ The Fund has established metrics for measuring investor contributions, and quantitative and qualitative measurements are taken on a regular basis, such as when preparing the Fund's Impact Report, to determine the contribution policy according to each investee's situation.

For more information on the Fund’s sustainability management, see the Principle 7 section.

**Principle 4:*****Assess the expected impact of each investment, based on a systematic approach.***

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact<sup>4</sup> potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact<sup>5</sup>? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.

In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards<sup>6</sup> and follow best practice<sup>7</sup>.

- As an impact investment fund, the Fund has seven investment policies as follows.

**The Fund's Investment Policy**

1	ToC	Contribution to materialization of the Fund's ToC	The issues being addressed by the potential investee are consistent with the social issues targeted by the Fund and will lead to the materialization of the Fund's ToC.
2	Intentionality	Intentionality management	The impact created by the potential investee is not accidental but is the intent of the management team. The company must be aiming for system-level change in addition to beneficiary outcomes. The intent is likely to be reflected in management decisions, such as business and organizational structure.
3	Materiality /Measurability	Possibility of creating outcomes for beneficiaries	The potential investee's business is likely to provide value to a wide range of beneficiaries who need the outcomes. Key outcomes must be measurable.
4	Materiality	Possibility of systemic change	The potential investee effectively approaches the structural drivers of the social issues it addresses and has the potential to bring about system-level change.
5	Contribution	Contribution of business	The business in which the investment is to be made has an advantage in terms of impact generation compared to other options available to the beneficiary at the time of investment consideration.
6	Contribution	Potential to contribute as an impact investor	High likelihood of being able to conduct the engagement necessary to visualize and measure impact, build a governance structure, and conduct investor relations and information disclosure and dissemination

<sup>4</sup> Focus shall be on the material social and environmental impacts resulting from the investment. Impacts assessed under Principle 4 may also include positive ESG effects derived from the investment.

<sup>5</sup> Adapted from the Impact Management Project ([www.impactmanagementproject.com](http://www.impactmanagementproject.com)).

<sup>6</sup> Industry indicator standards include HIPSO (<https://indicators.ifipartnership.org/about/>); IRIS (<https://iris.thegiin.org/>); GIIRS (<http://b-analytics.net/giirs-funds>); GRI ([www.globalreporting.org/Pages/default.aspx](http://www.globalreporting.org/Pages/default.aspx)); and SASB ([www.sasb.org](http://www.sasb.org)), among others.

<sup>7</sup> International best practice indicators include SMART (Specific, Measurable, Attainable, Relevant, and Timely), and SPICED (Subjective, Participatory, Interpreted & communicable, Cross-checked, Empowering, and Diverse & disaggregated), among others.

			for the IPO or next round of financing.
7	Risk	Consideration of sustainability risks	Impact and material ESG risks are known and acceptable to the Fund, including the feasibility of mitigation measures.

- The Fund applies and improves a systematic framework for evaluating expected impact in all investment activities, from selection of investment targets through post-investment support and monitoring to exits.
- Pre-investment Phase Approaches
  - Prior to the evaluation of expected impact, the importance and urgency of the target social issue in Japan are analyzed based on both primary and secondary information.
  - The Fund's seven investment policies allow for a qualitative and quantitative assessment of expected impact based on common criteria.
    - ✧ This framework is based on the Five Dimensions of Impact framework developed by IMP, with the addition of two items that are unique to the Fund. Specifically, we have added (1) the degree of contribution to the materialization of the fund's ToC and (2) the structural social change (systemic change) that a potential investee could bring about.
    - ✧ By scoring each item in the framework, the Fund provides a quantitative rating of the impact created by each potential investee and the Fund's contribution, which makes it possible to compare the impact of potential investments in the various issue areas covered by the Fund's ToC and to use the rating, together with qualitative perspectives, to make investment decisions.
    - ✧ In addition to the impact created by the investee, the framework also considers the contribution of the Fund as an investor (investor contribution) to the creation of impact.
    - ✧ The Investor Contribution 2.0 framework developed by Impact Frontiers has been adopted on a trial basis as the Fund's evaluation criteria for investor contributions. Specifically, we are evaluating engagement impact and investment impact.
  - Identification and Assessment of Impact Risks
    - ✧ Potential and apparent impact risks are identified and assessed based on the 9 Types of Impact Risks framework developed by IMP. The Fund then examines mitigation measures for each risk and assesses the feasibility of the measures.
    - ✧ Impact risks are assessed using common criteria across the portfolio. Specifically, the criteria include the impact on stakeholders if the risk materializes, the likelihood that the potential investee will be able to mitigate the risk on its own, and the extent to which the investee is willing and able to implement risk mitigation measures.
    - ✧ The Fund shares its analysis on impact risks, especially significant risks, with the investee's management from the pre-investment phase onward and discusses the status of response and possible future measures that may be required.
    - ✧ If the probability of mitigating the assumed significant impact risk is deemed low, the investment will not be made.

**Principle 5:*****Assess, address, monitor, and manage potential negative impacts of each investment.***

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG)<sup>8</sup> risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice<sup>9</sup>. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- As part of its portfolio management, the Fund manages sustainability risk, including investees' impact risks and ESG risks, both at the pre-investment and post-investment phases.
- Pre-investment Phase Approaches
  - Identification and assessment of ESG risks
    - ✧ The Fund evaluates the presence of significant ESG risks. Particular attention is paid to the working environment of employees and supply chain stakeholders of a potential investee, as well as to governance within the company.
    - ✧ If it is determined that the identified material ESG risks cannot be managed by the potential investee, the investment will not be made.
    - ✧ As an impact investment fund that aims to enable diverse ways of working and living, the Fund's evaluation of potential investment targets covers not only negative ESG risks, but also positive ESG initiatives that support the flexibility and diversity of working styles of employees and other stakeholders.
- Post-investment Phase Approaches
  - In the post-investment phase, the Fund supports and monitors the investee through dialogue at important meetings in management, such as board of directors' meetings and shareholder meetings, as stipulated in the investment agreement, as well as IMM meetings as stipulated in the memorandum of understanding.
  - Additionally, in the case the investee has grown into a certain sized organization, its business scale becomes sufficient to implement initial ESG risk management, and its management requests an assessment, SBI Shinsei Bank identifies the ESG materiality of the investee, conducts a preliminary assessment of ESG risks, and proposes improvement measures.
  - After identifying ESG materiality, the Fund assists investees in setting KPIs for each materiality and developing a monitoring framework. Working together with investees also contributes to strengthening the Fund's ESG monitoring system.
  - To foster awareness of the importance of ESG risk management and support the establishment of risk management systems, the Fund invites lawyers and other risk management experts to organize informational sessions for its investees.

<sup>8</sup> The application of good ESG management will potentially have positive impacts that may or may not be the principal targeted impacts of the Manager. Positive impacts resulting from ESG matters shall be measured and managed alongside with, or directly embedded in, the impact management system referenced in Principles 4 and 6.

<sup>9</sup> Examples of good international industry practice include: IFC's Performance Standards ([www.ifc.org/performancestandards](http://www.ifc.org/performancestandards)); IFC's Corporate Governance Methodology ([www.ifc.org/cgmethodology](http://www.ifc.org/cgmethodology)), the United Nations Guiding Principles for Business and Human Rights ([www.unglobalcompact.org/library/2](http://www.unglobalcompact.org/library/2)); and the OECD Guidelines for Multinational Enterprises (<http://mneguidelines.oecd.org/themes/human-rights.htm>).

**Principle 6:**

***Make the progress of each investment in achieving impact against expectations and respond appropriately.***

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action<sup>10</sup>. The Manager shall also seek to use the results framework to capture investment outcomes<sup>11</sup>.

- The Fund applies a systematic framework to evaluate the expected impact of all investment activities, from the selection of investment targets through post-investment support and monitoring to exits.
- The framework includes making impact reports and IMM roadmaps for each investee. Efforts are continuously made to improve the impact evaluation process in a systematic manner.
- Post-investment Phase Approaches
  - The Fund has a common framework for supporting impact creation and monitoring. In addition, learnings from each investee are fed back into the framework and refinements are made as required.
  - Considering the Fund's objectives, the following methods have been introduced in post-investment engagements to create positive impact and mitigate negative impact in comparison with the expected impact of each investment. Proposals and support to investees are made in a manner that considers the intentions of the investee, including its management team.
    - ✧ Logic model modification and development
    - ✧ Identification, implementation and monitoring of impact KPIs
    - ✧ Monitoring of positive and negative risks affecting impact and ESG
    - ✧ Identification of ESG materiality (conducted according to the business stage and needs of the investee)
    - ✧ Assistance in disclosing the investees' sustainability initiatives (including impact creation pathways and KPIs)
  - Furthermore, the Fund has developed a comprehensive sustainability program as part of its investor contribution to support its portfolio companies in pursuing long-term growth and impact, and as a stepping stone to a Responsible Exit as an impact investor as detailed in Principle 7. This program is primarily for investees in middle to later stages of growth that have reached a certain size and level of business stability, and the following elements have been integrated into the process:
    - ✧ Coherency of purpose/vision/mission and business strategy
    - ✧ Social and/or environmental problems to address behind purpose/vision/mission
    - ✧ Relationship of impact strategy with SDGs and other global goals
    - ✧ Integration of business and impact strategies
    - ✧ ESG materiality management

<sup>10</sup> Actions could include active engagement with the investee; early divestment; adjusting indicators/expectations due to significant, unforeseen, and changing circumstances; or other appropriate measures to improve the portfolio's expected impact performance.

<sup>11</sup> Outcomes are the short-term and medium-term effects of an investment's outputs, while the outputs are the products, capital goods, and services resulting from the investment. Adopted from OECD-DAC ([www.oecd.org/dac/](http://www.oecd.org/dac/)).

- ✧ Organizational strategy to manage and pursue business/impact/ESG goals
- The Fund collects feedback from each investee's stakeholders about both positive and negative significant changes experienced from accessing the investee's products and services.

**Principle 7:*****Conducts exits considering the effect on sustained impact.***

When conducting an exit<sup>12</sup>, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

Based on the Fund's objectives, the following two points are emphasized as the ideal state of the investees after exit.

- (1) Sustainable growth of the investee's business and market recognition of its value
- (2) Maintenance of IMM at the core of the investee's business strategy development and organizational operations

Many Japanese startups plan an IPO as the main scenario for financing at the time of business growth. Therefore, the Fund has been developing the concept of "Impact IPO"<sup>13</sup> to support investees with an eye toward the IPO scenario. The key point in designing "Impact IPO" is that it is not only about what and how the investee should be at the time of listing, but also about what and how it should be in the post-IPO phase (or after the Fund's exit). We believe that it is important for investees to maintain their strategies to create impact and effectively engage capital market participants, primarily investors, to foster common understanding and constructive dialogue for achieving greater impact and business growth. Therefore, the Fund's "Impact IPO" process for an investee is a process of co-creating a sustainability management plan during the investment period by formulating a roadmap toward the company's post-IPO goal.

Another exit option of the Fund could be a trade sale through merger and acquisition (M&A). With a focus on the positive correlation between impact and business growth and profitability of the investees' business, the investees should attract the potential buyers who find more 'value' in such companies. Pursuing the concept of "Impact IPO" would help the investee avoid mission drift even through an M&A exit.

In pursuing activities to achieve an "Impact IPO", the Fund, with the belief that the participation of impact investors in financing investees is essential, has actively compiled a list of impact investors in Japan and abroad, and exchanged opinions with them. Based on the various interviews, we decided to consider the "Impact IPO" not only as a pursuit of impact and IMM, but also as part of "sustainability management" by identifying (i) the "purpose, mission, and vision" of the investee, (ii) the "social issues" behind the purpose, (iii) why and how the investee's business model works to solve issues, (iv) the "impact" and "sustainability management" that the investee is aiming for, (v) "SDGs" and "ESG" initiatives, and (vi) the "organizational structure" that will serve as the foundation for these initiatives.

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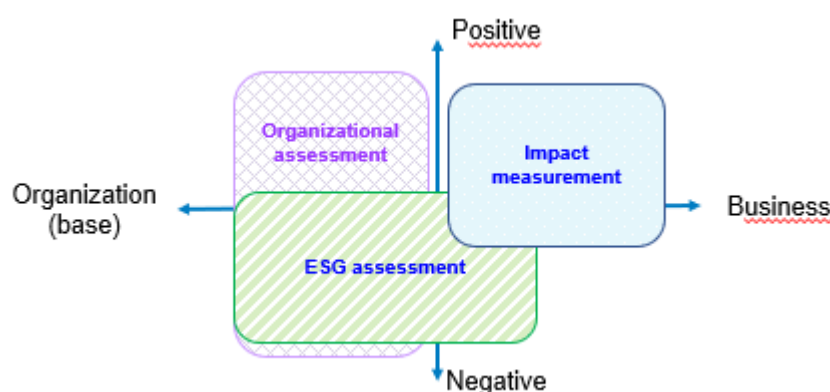
<sup>12</sup> This may include debt, equity, or bond sales, and excludes self-liquidating or maturing instruments.

<sup>13</sup> Impact IPO is an IPO of a company that intends to create positive social and environmental impact, while demonstrating that it has properly implemented the IMM. This includes explaining the status of impact and IMM to the company's stakeholders so that the company can continue its pursuit of impact and IMM after IPO, and the stakeholders can support the company's business growth while enhancing its enterprise value.



## The Fund's Engagement in the Investees' Sustainability Management

Purpose		Expectation
Impact		<ul style="list-style-type: none"> <li>Realizing the intention! (for both business growth and impact maximization)</li> <li>Building up a strong organization to achieve high impact growth</li> </ul>
Fund raise / IR		<ul style="list-style-type: none"> <li>Clarification on impact towards domestic and overseas ESG/impact investors</li> <li>Approach to individual investors (product/services fans)</li> </ul>
Business	corporate	<ul style="list-style-type: none"> <li>Attracting good personnel in hiring situations</li> <li>Enhancing strategy understanding and improve engagement</li> </ul>
	sales	<ul style="list-style-type: none"> <li>Reflecting to sales materials</li> <li>Differentiated marketing message</li> </ul>
	marketing	<ul style="list-style-type: none"> <li>Media relationships</li> <li>Disclosure in website to improve impact communications</li> </ul>



ESG initiatives include the identification of ESG materiality to be addressed based on the nature of the business, and corporate analysis and initial assessment with support from the Sustainable Impact Assessment Office of SBI Shinsei Bank. ESG management is effective not only in managing negative risks but also in attracting impact and ESG investors to invest in the Fund's investees after their IPO, as ESG measures are now required as a standard for publicly listed companies. In addition, we encourage the investees to create a new sustainability-focused page on their website as an interface to initiate dialogue with investors about impact before going public, and we support the creation of such content.

These moves are not necessarily implemented immediately after the Fund's investment. They are formulated and implemented, giving due consideration to the business stage and conditions of the investee as well as the needs of its management team. Initiatives should be set not for fulfilling the request of impact investors but for contributing to the investee's business growth and impact creation.

From 2023 to 2024, the Fund's partners utilized such expertise to contribute to GSG Impact Japan's Impact IPO Working Group and develop "Guidance for Impact Companies on Disclosure and Engagement in the Capital Markets."<sup>14</sup> The Fund refers to the Guidance and works closely with security firms to support investees preparing for IPO or M&A by strengthening their sustainability management practices, disclosure, and engagement.

<sup>14</sup> <https://impactinvestment.jp/en/news/20240809.html>

**Principle 8:*****Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.***

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- The Fund provides impact performance reporting to the Fund's stakeholders by publishing an Impact Report on an annual basis.
  - The Fund discloses its overall investment progress and management of the Fund, including the progress of the coverage of investments for the Fund's ToC and SDGs, and extracts learnings to improve the IMM for the following year and beyond.
  - To the general public, the Fund discloses in writing on its website the Fund's overall IMM process, a list of all investees, and a common framework for performance management.
  - The Fund discloses in writing to its LP investors the IMM progress and impact performance of all investees. In addition, a general LP meeting is held once a year to go through both the business and impact report, engage in dialogue and receive feedbacks from LP investors. Furthermore, the Fund holds meetings to share the IMM trends and practices with LP investors.
- The Fund reports the progress of the impact created by each investee according to its own evaluation framework, which is based on IMP's Five Dimensions of Impact framework. This is the same framework used to evaluate the impact at the pre-investment phase.
  - The annual report reviews the progress of each investee's impact performance and IMM practices during the reporting period and confirms plans for initiatives for the following year.
  - Definitions and data sources for each impact outcome indicator are provided in the Impact Report.
  - While tracking the progress of positive impact, the Fund also includes reporting items on the status of impact risks and ESG risks and manages fluctuations in risk conditions.
  - The fund also collects feedback from stakeholders as much as possible to capture unintended impacts.
  - By slightly adjusting the impact rating framework used in the pre-investment phase for the post-investment phase, the Fund scores each investee's impact rating to review the progress of its impact performance.
  - Based on the above results, the fund identifies necessary actions to improve investees' impact performance and IMM practices. To understand and manage the evolution and changes in the impact strategies of each investee, as well as positive or negative impacts that could not be anticipated at the time of investment, the logic model is revised at times of significant management-related changes, such as progress in business development, organizational expansion and financing. Revisions to the logic model are made based on dialogue with management, and any revisions are disclosed in an Impact Report for LP investors.
  - In addition, the Fund's contribution to impact creation is evaluated in terms of engagement impact and investment impact, by referencing the Investor Contribution 2.0 framework being developed by Impact Frontiers. The progress of the investment staff's engagement with the investees made at the end of the previous fiscal year is reviewed, and their contribution as investors is planned and disclosed to LP investors for the following fiscal year.

**Principle 9:**

***Publicly disclose alignment with the Impact Principles and provide regular independent verification<sup>15</sup> of the alignment.***

The Manager 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.

- This Disclosure Statement re-affirms the alignment of the Fund's procedures with the Impact Principles will be updated annually.
- An independent verification report on the extent of compliance with the Impact Principles was issued in June 2023<sup>16</sup>. The independent verification is expected to be conducted again in June 2025.
- Verification Engagement
  - Shinsei Impact Investment Limited engaged BlueMark to independently verify the alignment of the Fund's impact management practices with the Operating Principles for Impact Management, an industry standard for integrating impact throughout the investment lifecycle. BlueMark's assessment findings cover both areas of strength and areas for improvement, as reflected in the Verifier Statement.
- Information on the current independent verifier is as follows:

Name and Address:

Tideline Verification Services, Inc. (BlueMark)  
915 Battery St., San Francisco, CA 94111, USA

Qualifications:

BlueMark is a leading provider of impact verification services for investors and companies. Founded in 2020, BlueMark's mission is to "strengthen trust in impact investing." BlueMark's verification methodologies draw on a range of industry standards, frameworks, and regulations, including the Impact Management Project, the Operating Principles for Impact Management, the Impact Principles for Responsible Investment, SDG Impact, and the Sustainable Finance Disclosure Regulation.

Most Recent Review: June 2023

Next Planned Review: June 2025

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<sup>15</sup> The independent verification may be conducted in different ways, i.e., as part of a financial audit, by an independent internal impact assessment committee, or through a portfolio/fund performance evaluation. The frequency and complexity of the verification process should consider its cost, relative to the size of the fund or institution concerned, and appropriate confidentiality.

<sup>16</sup> [https://hatarakufund.com/wp-content/uploads/2023/09/REVISED\\_Hataraku-Fund-BlueMark\\_Verifier-statement\\_01.06.23\\_v2.pdf](https://hatarakufund.com/wp-content/uploads/2023/09/REVISED_Hataraku-Fund-BlueMark_Verifier-statement_01.06.23_v2.pdf)

## SIIFIC WELLNESS FUND

### Disclosure Statement Operating Principles for Impact Management 1 April 2024 Japan Social Innovation and Investment Foundation

Japan Social Innovation and Investment Foundation (“SIIF”) hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the “Impact Principles”)<sup>1</sup>.

SIIF is a foundation based in Tokyo, Japan. We direct our activities towards realizing an ecosystem for social and economic resource circulation in a way that transcends the conventional frameworks of self-help, public help and mutual help. This statement applies to all the assets under management by SIIFIC LLP.

Fund	SIIFIC Wellness Fund
AUM	1,525,100,000 yen <sup>2</sup> as of 31 December 2023
Asset Class	Private equity
Sector	Wellness
Regional Focus	Japan
Year Launched	2023
Capital Providers	Japan Post Insurance Co., Ltd. Teikoku Seiyaku Co., Ltd. Keio University Japan Social Innovation and Investment Foundation Individual

Mitsuaki Aoyagi

Vice-chair of Executive Committee, SIIF

Nanako Kudo

Member of Executive Committee, SIIF

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network (GIIN) or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisors, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, “Affiliate” shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

<sup>1</sup> Please visit the Operating Principles for Impact Management website (<https://www.impactprinciples.org>) for more information about the Impact Principles and related resources.

<sup>2</sup> Based on the TTM exchange rate of 141.82 as of 29th December 2023, the Assets Under Management (AUM) of 1,525,100,000 yen as of 31 December 2023 converts to approximately \$10,753,772 USD.

## Core Definitions<sup>3</sup>

- **Impact** is a change in an outcome caused by an organization. An impact can be positive or negative, intended or unintended.
- An **outcome** is the level of well-being experienced by a group of people, or the condition of the natural environment, as a result of an event or action.
- **Impact management** is the process of identifying the positive and negative impacts that an enterprise has on people and the planet, and then reducing the negative and increasing the positive.

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<sup>3 3</sup>Please visit the Impact Frontier website (<https://impactfrontiers.org>) for more information about the What is Impact? and related resources.

## STRATEGIC INTENT (PRINCIPLES 1 and 2)

### Principle 1

#### Define strategic impact objective(s), consistent with the investment strategy

*The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.*

- **Purposeful Capital for Powerful Change:** SIIFIC(\*), transcending traditional investment boundaries, is founded upon the conviction that impact investing is the cornerstone of societal transformation. We are committed to reshaping the wellness landscape through strategic investments in science and technology-driven startups, aiming for a harmonious blend of measurable positive social impact and robust financial returns.
- **Vision for Systemic Change:** SIIFIC is guided by a strategic vision where each investment theme contributes towards transforming society into one where engaging in wellness-promoting activities is a universal norm, not a privilege. SIIFIC refers to this ideal state as 'Wellness Equity.
- **Strategic Alignment with Wellness Equity:** Central to SIIFIC is our unwavering dedication to integrating impactful investing into our core operations. We envision a society where wellness is universally accessible and not confined by current healthcare limitations.
- **Theory of Change Driven Approach:** SIIFIC's investment philosophy is bolstered by a Theory of Change that emphasizes enhancing wellness literacy and enriching social capital. These pillars are fundamental to achieving our overarching goal of wellness equity.
- **Emphasis on Holistic Health:** SIIFIC advocate for a holistic view of wellness, recognizing it as a state of complete physical, mental, and social well-being, far beyond the mere absence of disease.
- **Robust Investment Themes:** SIIFIC's strategy is underpinned by four rigorously developed investment themes, each reflecting our commitment to system thinking and impactful change. These themes are instrumental in deepening our understanding and amplification of our investments' profound impacts:
  1. **Revolutionizing Healthcare** by pioneering trustworthy medical standards. We invest in products and services that redefine healthcare's reliability and trustworthiness, fostering behavioral change among providers.
  2. **Empowering Holistic Well-Being** by inspiring positive lifestyle and activity choices. We invest in products and services that motivate individuals towards health-positive decisions, emphasizing the critical role of consumer behavior in wellness.
  3. **Connecting Lives** by focusing on fostering loosely connected yet meaningful interactions among individuals. We invest in products and services that value individual autonomy, fostering environments where personal and collective well-being flourish.

\*: The section provides the disclosure for SIIFIC, the co-General Partner (GP) of SIIFIC Wellness Fund, in which SIIF holds 33% of the shares. Please refer to the following link for the original document of this Disclosure statement: <https://siifc.notion.site/Impact-Principles-9d3e0380f78b4e3eaf93928fc15a462b#b7ae382591c94215af0973338790aad2>

4. **Cultivating Local Prosperity** by promoting economic growth and community vibrancy. We invest in startups that create job opportunities and enhance local life quality.

- **Individual Investment Level Alignment:** At SIIFIC, ensuring strategic alignment starts from the very first stage of our investment process—the pre-due diligence phase— and is decisively reaffirmed when making investment decisions. This foundational step involves defining impact themes and objectives that are directly linked to our investment themes, along with setting specific, relevant impact metrics for each potential investment. This precision ensures every investment is strategically positioned to bring positive systemic change, resonating deeply with our portfolio goal of wellness equity.
- **Global [SDGs](#)<sup>4</sup> through a local Lens:** Our investments are not just globally conscious, aligning with key UN Sustainable Development Goals such as SDGs 3 (Good Health and Well-being), 8 (Decent Work and Economic Growth), and 11 (Sustainable Cities and Communities), but they also embody a unique commitment to the Japanese SDGs, as outlined in the Japanese SDGs Action Plan. This dual alignment underscores our dedication to advancing a holistic and culturally resonant impact strategy, embodying our vision for a healthier, more equitable, and sustainable society.
- **Commitment to Transformative Impact:** Beyond being mere investors, SIIFIC positions itself as a beacon of visionary change, where investments actively foster a healthier, more equitable, and sustainable society, staying true to our mission of 'Purposeful Capital for Powerful Change'.

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<sup>4</sup> Please visit the United Nations website (<https://sdgs.un.org/goals>) for more information about the Sustainable Development Goals and related resources.

## Principle 2

### Manage strategic impact on a portfolio basis

*The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.*

- A comprehensive and methodological approach to manage strategic impact on a portfolio basis is now building under our SIIFIC Wellness Fund Investment Guideline. Our impact management system is designed to establish and rigorously monitor impact performance throughout our entire portfolio, fully recognizing and accommodating the inherent variability of impact across individual investments.
- **Unified Approach to Impact and Financial Performance:** At SIIFIC, we embody a dual commitment to advancing wellness equity and achieving robust financial returns. Guided by internationally recognized frameworks, such as the Operating Principles for Impact Management, SDGs, [5 Dimensions of Impact](#)<sup>5</sup> we aim to discover innovative startups poised to create new value in the market. By practicing impact investing that yields measurable social impact alongside financial gains, a comprehensive and methodological approach to manage strategic impact on a portfolio basis is now building under our SIIFIC Wellness Fund Investment Guideline.
- **Impact Goals and Theory of Change:** At SIIFIC, we envision a society where wellness equity is the norm. By making strategic investments in startups that enhance wellness literacy and enrich social capital, we aim to drive pivotal change. Our approach is grounded in developing a Theory of Change for each investment, ensuring that our portfolio collectively contributes to this transformative vision."
- **Impact Management System:** SIIFIC's impact management system is deeply integrated within our overall investment process. From initial screening to final investment and ongoing portfolio management, we apply a rigorous impact management system. The system which is described in detail in Principle 4 involves setting clear impact targets, assessing potential impact outcomes, and monitoring progress against these objectives throughout the investment lifecycle.
- **Value-Driven Exit Strategies:** SIIFIC's commitment to impact is further demonstrated through thoughtful exit strategies, where we ensure optimal capital structure for impact-oriented companies, aiming for responsible exits that maintain or enhance corporate value. This approach underscores our dedication to long-term impact sustainability beyond immediate investment horizons.
- **Annual Impact Performance Report:** SIIFIC is committed to the annual publication of an impact performance report, initiating with our comprehensive edition in March 2025. This document will systematically evaluate the impact achievements across our portfolio, establishing a precedent for clarity and accountability in our communications. The report aims to articulate both our accomplishments and areas requiring enhancement, evidencing our dedication to transparency and stakeholder trust.
- **Fostering Collective Impact and Talent Development:** SIIFIC supports initiatives that create impact through collaboration across sectors, addressing wicked problems in the wellness domain. By building a community that cooperatively nurtures impactful talent, we aim to foresee and shape a future where diverse societal needs are met

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<sup>5</sup> Please visit the Impact Frontier website (<https://impactfrontiers.org>) for more information about the 5 Dimensions of Impact and related resources.



with innovative, sustainable solutions.

- **Staff Incentive Alignment:** SIIFIC is actively engaged in formulating a policy aimed at aligning staff incentives with the achievement of positive impact alongside financial performance. Drawing insights from the [Impact Linked Compensation Report](#)<sup>6</sup>, our exploration into impact linked compensation strategies shall be designed to ensure that our compensation mechanisms are closely aligned with our objectives of generating positive impact. Incorporating advanced methodologies such as systems mapping to our impact management system, we are dedicated to adopting an objective and data-driven approach. We anticipate the implementation of this policy by our 2025 disclosure statement, underscoring our unwavering dedication to impactful investing practices. (Impact linked compensation is a process of tying fund manager compensation to impact performance. It is a tool that seeks to reinforce impact commitments through incentive alignment.)

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<sup>6</sup> Please visit the Impact Linked Compensation Project website (<https://impactlinked.co>) for more information about the Impact Linked Compensation and related resources.

## ORIGINATION AND STRUCTURING (PRINCIPLES 3, 4, 5)

### Principle 3

#### Establish the Manager's contribution to the achievement of impact

*The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.*

- SIIFIC stands at the forefront of impact generation within the healthcare and wellness sectors, leveraging industry-specific expertise and a distinctive impact management system to contribute significantly to the achievement of impactful outcomes. Our approach is multi-faceted, deeply embedded in a process that not only values but rigorously enhances the impact potential of our investments.
- **Impact Onboarding and Assessment:** Before finalizing our investment decisions, we initiate an impact onboarding process led by our dedicated impact specialists. This critical phase is designed to ensure that the management teams of startup investees grasp the essence of impact – understanding not just the concept but how to integrate SIIFIC's impact management system into their operations. Our goal is to empower these teams, guiding them to significantly elevate their impact potential through strategic support and operational enhancements.
- **System Mapping and Theory of Change:** SIIFIC develops comprehensive system maps for the issues our investees are addressing, facilitating the creation or refinement of their theory of change. This process is instrumental in setting meaningful Impact KPIs, shifting the focus from mere output-based metrics to outcome-based impact KPIs. Our system mapping serves as a foundational tool, enabling our investees to understand and navigate the complex ecosystems they operate in, thereby optimizing their impact strategies.
- **ESG Survey and Integration:** Conducting an ESG survey is an integral part of our investment evaluation process. Recognizing that startups often lack the knowledge, resources, or immediate incentive to prioritize ESG practices, our survey serves as a vital bridge to this gap. It initiates a pivotal dialogue with startup managements, enlightening them on the SDGs and the integral role of ESG considerations in sustainable business operations. This initial engagement is designed not just to assess but to inspire startups to explore and realize their potential for positive ESG impact. Through this process, we aim to cultivate an awareness and understanding that, while ESG alignment may not be an immediate mandate for their business strategy, it is crucial for long-term sustainability and success. Our proactive approach not only encourages a shift towards sustainable and responsible business practices but also aligns startups with broader impact goals, setting a foundation for meaningful change in the ecosystem.
- **Active Post-Investment Engagement:** SIIFIC's commitment to generating lasting impact goes beyond the initial investment, extending into proactive and hands-on engagement with our investees. Through a robust monitoring framework, we not only collect monthly progress and quarterly deep-dive analysis on impact KPIs but also engage in continuous dialogue with our investees, providing strategic support and adaptive feedback across all facets of their operations.
- **Collaboration with Partners:** SIIFIC's dedication to fostering impact is further amplified by our collaborative efforts with partners, including co-investors, primarily venture capitals, to advocate for the broader adoption of impact investing principles. By illuminating the tangible benefits and potential of impact investing, we aim to inspire a paradigm shift among traditional investors towards embracing impact-driven

strategies. Moreover, our active dissemination of investment rationales, such as through press releases and blogs that highlight the system maps and theory of change of our investees, serves a dual purpose. It not only underscores our reasons for investment and the intrinsic value of these companies in advancing wellness equity but also piques the interest of the broader impact investing community. By transparently sharing our impact due diligence materials with potential impact investors, we foster an ecosystem of shared value, encouraging further investment into startups poised for significant positive impact. Through these concerted efforts, SIIFIC not only enhances the impact trajectory of our investees but also contributes to cultivating a more inclusive and impact-conscious investment landscape.

- **Expanding Impact Through Strategic Networking:** SIIFIC's contributions to our investees extend into the invaluable realms of networking and community engagement. Recognizing the power of connection, we actively introduce our investees to a dynamic network of impact-driven communities, industry professionals, and scientific experts. This strategic networking fosters a rich environment for peer learning, access to a vast database of knowledge, and engagement with potential workforce talent. By facilitating these connections, we not only enhance our investees' operational capacities and innovation potential but also reinforce their position within the ecosystem of impact-driven entities. Our aim is to create a supportive framework where our investees can thrive, leveraging the collective strength of a network committed to fostering positive change. This holistic approach to networking amplifies our investees' impact, propelling them towards achieving meaningful and sustainable outcomes.

## Principle 4

Assess the expected impact of each investment, based on a systematic approach

*For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.*

- SIIFIC is dedicated to rigorously assessing the expected impact of each investment, employing a systematic approach to ensure alignment with our wellness equity goals. Before investing, we evaluate the potential impact, aiming to quantify it and understand who will benefit and how significantly. This process involves using a results measurement framework to address key questions about intended impact, its significance, and the likelihood of realization, while identifying any significant risk factors. We also assess the challenge's scale within the specific context and explore opportunities to amplify the investment's impact, considering both direct and systemic effects. Our approach aligns with industry standards and best practices, ensuring thoroughness and accountability in our pursuit of meaningful change.
- **Impact Management System:** SIIFIC's impact management strategy is deeply integrated within our overall investment process. From initial screening to final investment and ongoing portfolio management, we apply a comprehensive impact management system. The system involves setting clear impact targets, assessing potential impact outcomes, and monitoring progress against these objectives throughout the investment lifecycle.
  1. **Pre-Due Diligence Alignment:** At the outset of our engagement process, prospective startups are required to complete our screening questionnaire, available at [Submit Pitch](#). This crucial step enables us to evaluate potential investments for early alignment with SIIFIC's strategic impact goals and portfolio objectives. The questionnaire specifically probes startups on their alignment with our four investment themes—Revolutionizing Healthcare, Empowering Holistic Well-Being, Connecting Lives, and Cultivating Local Prosperity—while also assessing their potential to contribute to our systemic change objectives with overarching goal of wellness equity. This pre-due diligence alignment is foundational, ensuring that only those initiatives with a strong fit for our mission and values proceed to the deeper evaluation stages of our investment process.
  2. **Comprehensive Venture Capital Due Diligence with SEEDS Framework:** SIIFIC's due diligence process extends beyond that of traditional venture capital. By incorporating unique 'Definition of SEEDS', SIIFIC thoroughly assess startups potential.
    - (1) **Definition of SEEDS:** The definition of SEEDS is at the core of our evaluation strategy, encompassing three elements: Science, Ideas, and Market. Having just science, just an idea, or just a market presence is not enough. We define SEEDS as having all these three elements.
    - (2) **Examination of Ideas:** After the initial screening, we delve deeply into a

startup's potential for innovation, examining whether its idea provides new solutions or perspectives. On the Science aspect, we evaluate research papers and other critical evidence. For the Idea aspect, we assess intellectual property rights, barriers to entry, and uniqueness. In evaluating Market Needs, we conduct an extensive market assessment to ensure the potential demand in the target market, insisting on research that goes beyond rough estimates to calculable formulas.

- (3) **Alignment with Impact Objectives:** This multifaceted evaluation includes financial and legal reviews to assess profitability, compliance, and growth prospects. By scrutinizing these elements, we ensure that our investments align with our impact objectives, specifically contributing to systemic change towards wellness equity. The 'SEEDS Framework' is not just a checklist but a rigorous analytical tool that guarantees our support for startups with strong operational, financial, and transformative potential, embodying our commitment to fostering innovation and positive societal impact.
3. **Impact Due Diligence Process:** Advancing into the Impact Due Diligence stage, SIIFIC employs a unique, innovative, and holistic approach to understand and amplify the potential impact of each investment. This stage is meticulously structured to encompass the following steps:

  - (1) **Systems Mapping Initiation:** Collaborating closely with founders and management of prospective startups, our first step is to develop a systems map of the issue or sector the company is addressing, following the guides outlined by [Systems Mapping White Paper](#)<sup>7</sup>. We employ generative AI, to identify key variables within the ecosystem. This innovative use of generative AI is strategically chosen to eliminate biases, ensuring a more objective and comprehensive analysis of the impact landscape.
  - (2) **Five Dimensions of Impact Assessment:** Concurrently, we delve into an evaluation based on the [Five Dimensions of Impact](#), a shared logic for managing impacts on people and the planet, conducting interview with prospective startups, extensive desktop research and comprehensive stakeholder interviews. This multi-dimensional analysis ensures a deep understanding of the impact in terms of its what, who, how much, contribution, and risk aspects.
  - (3) **Stakeholder Interviews and Systems Map Refinement:** The initial systems map is then refined with insights gathered from stakeholder interviews and Five Dimensions of Impact evaluation enriching our understanding of the ecosystem and identifying potential impact pathways and challenges.
  - (4) **Impact KPIs Identification:** With a focus on establishing evidence-based impact KPIs, we undertake a careful selection process, ensuring that our metrics are grounded in scientific research and studies. This involves setting clear baselines and thresholds to accurately measure and manage the intended impact.
  - (5) **ESG Assessment Integration:** Alongside, an SIIFIC ESG survey is conducted, guided by our [ESG policy](#). While our ESG criteria are designed to be comprehensive, we prioritize the formulation of improvement plans for prospective investments to address any ESG concerns. This ensures that, prior to investment, startups demonstrate not only alignment with our values but also a commitment to evolve towards stronger ESG practices,

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<sup>7</sup>Please visit the Impact Frontier website (<https://impactfrontiers.org>) for more information about the Getting Started with Systems Mapping & Impact Management and related resources.

underscoring our dedication to fostering positive change and responsible investing.

- (6) **Theory of Change and Impact Commitment:** In the final stage of our impact due diligence, we craft a [Theory of Change](#) from the systems map and Five Dimensions of Impact evaluation, specifying the impact pathways for future tracking and management. Alongside establishing a detailed impact thesis for each investee and setting tailored impact metrics, we solidify our partnership through a Memorandum of Understanding on IMM (Impact Measurement and Management) at the time of investment. This MOU ensures mutual commitment to rigorous IMM, binding us and our investees to a shared vision of impactful outcomes. This comprehensive approach not only clarifies impact objectives but also reinforces our collective dedication to monitoring, reporting, and enhancing impact performance, fostering a culture of accountability and continuous improvement in alignment with our transformative goals.
4. **Post-Investment Hands-On Engagement & Reporting:** SIIFIC's approach extends to hands-on engagement with portfolio startups, providing strategic support to enhance their impact. This is complemented by a robust monitoring framework where fund manager collect progress on impact KPIs alongside other critical KPIs monthly, fostering a rhythm of continuous monitoring and feedback.
5. **Quarterly Deep-Dive Analysis:** Every quarter, SIIFIC conducts an in-depth analysis of our investees' performance, focusing on both impact KPIs and operational metrics. This deep dive enables us to identify areas for improvement and success, ensuring our investments are on track to achieve their intended impacts.
6. **Annual Impact Performance Report:** SIIFIC is committed to the annual publication of an impact performance report, initiating with our comprehensive edition in March 2025. This document will systematically evaluate the impact achievements across our portfolio, establishing a precedent for clarity and accountability in our communications. The report aims to articulate both our accomplishments and areas requiring enhancement, evidencing our dedication to transparency and stakeholder trust.

## Principle 5

### Assess, address, monitor, and manage potential negative impacts of each investment

*For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.*

- SIIFIC is dedicated to actively managing potential negative impacts of each investment, emphasizing ESG considerations. SIIFIC has a clear intention to identify and manage ESG risks, implementing its ESG policy in the investment process. We are currently working into making this a robust and systematic process. Our commitment extends beyond evaluation, engaging with investees to fill gaps in their systems, processes, and standards, and ensuring alignment with best practices. Continuous monitoring of ESG risk and performance forms a core part of our portfolio management, underpinned by our efforts to address external and unexpected risks through system mapping and providing compliance training to our investees.
- **ESG Policy and Survey:** SIIFIC employs a rigorous [ESG policy](#), conducting ESG surveys as part of our investment assessment process. This policy guides us to not only identify prospective investments that align with our values but also to prioritize the development of improvement plans for any ESG concerns identified. This proactive approach ensures our investments commit to evolving their ESG practices, reinforcing our dedication to positive change and responsible investing.
- **Addressing External and Unexpected Risks:** Incorporating the Five Dimensions of Impact assessment, SIIFIC addresses [nine types of impact risks](#) that may undermine the delivery of the outcomes, including external and unexpected risks that traditional linear theory of change cannot predict. Through system mapping of wicked problems, we develop strategies to address these non-linear risks, ensuring our investments are resilient and adaptable to unforeseen challenges.
- **Systems Mapping for Risk Management:** SIIFIC's innovative use of systems mapping allows us to understand and address the intricate and often unpredictable nature of ESG risks. By visualizing the complex interdependencies within the ecosystems of our investees, we are better equipped to identify potential negative impacts early and strategize effective mitigation measures, particularly for those risks deemed non-addressable through conventional methods.
- **Compliance Training Initiative:** Acknowledging the critical role of investee dedication to ESG excellence, SIIFIC intends to provide targeted compliance training for startups facing resource limitations. This endeavor is designed to enhance our investees' comprehension of ESG benchmarks and methodologies, effectively addressing discrepancies within their existing frameworks. By fostering education and active involvement, we equip our investees to adeptly navigate ESG challenges, promoting steadfast enhancement of their practices in accordance with global standards.
- **Ongoing Engagement and Monitoring:** SIIFIC's role extends into the continuous monitoring of investees' ESG risk and performance. SIIFIC has a clear intention to identify and manage ESG risks, implementing its ESG policy in the investment process. We are currently working into making this a robust and systematic process. SIIFIC's continuous dialogue and support for portfolio companies underscore our

commitment to not just reactive, but proactive and preventative ESG risk management.

### **Principle 6**

**Monitor the progress of each investment in achieving impact against expectations and respond appropriately.**

*The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.*

- SIIFIC's adherence to Principle 6 is exemplified through our meticulous impact monitoring and management process, utilizing the detailed framework established in Principle 4. This approach ensures the ongoing evaluation of each investment's contribution towards our wellness equity objectives, with a keen focus on aligning actual outcomes with our projected impact targets. Our strategy involves sophisticated tools and regular engagements, reinforcing our commitment to driving substantive change and addressing any deviations proactively.
- **Utilization of Advanced Monitoring Tools:** SIIFIC employs advanced tools and methodologies as outlined in our impact management system in Principle 4. These include comprehensive systems mapping and the Five Dimensions of Impact assessment, which collectively inform our results framework. This structured framework underpins our systematic approach to tracking progress, ensuring data accuracy, and facilitating informed decision-making across our investment portfolio.
- **Routine Data Collection and Communication:** The responsibility for leading the data collection process lies with the Partner of the in charge of the investment. This ensures a high level of engagement and oversight, with the Partner conducting weekly calls with investee management. These discussions cover a wide range of topics, from impact performance to industry-specific challenges, leveraging SIIFIC's extensive expertise. SIIFIC aims to collect data on impact performance monthly, and share with the team, promoting transparency and fostering an environment of continuous feedback and improvement.
- **Proactive Engagement:** SIIFIC's engagement strategy extends beyond direct communication with our investees to include regular discussions with lead VCs, ensuring no critical issue is overlooked, especially when we're not the lead investor. By holding weekly calls and securing board or observer seats in each investment, we actively participate in strategic oversight. This approach allows us to swiftly address any concerns and steer our investments towards achieving their intended impact, demonstrating our commitment to driving significant, positive change.
- **Capturing and Reporting Investment Outcomes:** SIIFIC aims to employ our results framework and capture comprehensive view of investment outcomes, detailing both the quantitative and qualitative impacts of our portfolio. This holistic assessment feeds into our commitment to transparency and accountability, with findings shared internally monthly and externally through our annual impact performance report. This report, a key component of our impact narrative, highlights our achievements and ongoing commitment to enhancing wellness equity.
- **Continuous Improvement through Strategic Insights:** SIIFIC's disciplined approach to impact monitoring and management is a testament to SIIFIC's unwavering



dedication to responsible investing and our broader mission. The insights garnered through regular data collection, stakeholder engagement, and advanced analytical tools enable us to refine our strategies, ensuring our investments continue to drive systemic change and contribute significantly to global wellness equity.

## IMPACT AT EXIT (PRINCIPLE 7 & 8)

### Principle 7

#### Conduct exits considering the effect on sustained impact

*When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.*

- Understanding the profound influence exits have on the sustained impact of our investments, SIIFIC is dedicated to pioneering exit strategies that extend beyond traditional financial considerations to encompass the enduring social benefits of our investments. Our approach to exits is characterized by several pivotal commitments.
- **Anticipatory Impact-Sustaining Policy:** While SIIFIC has embarked on its investment journey with its inaugural investment in September 2023 and has not yet navigated the exit phase, we proactively establish exit policies<sup>8</sup> that prioritize value preservation and impact sustainability. Our approach is meticulously designed to consider the potential for retaining ownership post-IPO, ensuring a pathway to responsible exits that align with our impact ethos.
- **Diligent Impact-Focused Exit Planning:** Our exit strategies are crafted with the explicit goal of not merely sustaining but also augmenting the impact achievements of our investments. This involves a deep consideration of the long-term impact viability post-exit, ensuring that our portfolio startups are strategically positioned to perpetuate their impact missions autonomously.
- **Varied and Impact-Aligned Exit Options:** SIIFIC shall diligently explore a spectrum of exit avenues, prioritizing those that promise to uphold and foster the continued impact legacy of our investments. Our strategies may range from strategic sales to like-minded impact investors or startups, to structured public offerings designed as "Impact IPOs," allowing for a graceful transition that secures enterprise value and impact integrity alike.
- **Inclusive Stakeholder Engagement:** Recognizing the invaluable perspectives of our stakeholders, SIIFIC shall actively involve investees, partners, and, where pertinent, impact beneficiaries in the exit planning discourse. Their insights are instrumental in navigating the complexities of exit scenarios, ensuring choices resonate with broader impact aspirations.
- **Commitment to Post-Exit Impact Monitoring:** Our responsibility extends beyond the exit, embodying a commitment to oversee the sustained impact trajectory of our investments. Where feasible, SIIFIC endeavors to monitor and support the continued alignment with impact objectives, facilitating a transition that is both smooth and sustainably forward-looking.
- **Transparent Exit Process Communication:** SIIFIC upholds a principle of transparency in sharing our exit strategies and their intended impact alignment with our investors and broader stakeholder community. This includes elucidating the rationale behind

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<sup>8</sup> SIIFIC Wellness Fund Investment Guidelines 1. Investment Strategy 4. Value-Focused Exit - Impact IPO (Crossover investment)

exit decisions and their expected contributions to the ongoing impact narrative.

- **Exit as a Learning Opportunity:** At SIIFIC, every exit is perceived as a critical learning juncture, offering rich insights to refine our impact investing approach. SIIFIC shall engage in reflective analysis of exit outcomes to harvest lessons that will inform and enhance future exit strategies, optimizing the efficacy of our impact investing practices.

## Principle 8

### Review, document, and improve decisions and processes based on the achievement of impact and lessons learned

*The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.*

- At SIIFIC, our commitment to reshaping the landscape of impact investing is deeply embedded in our team DNA. We believe that the journey towards generating profound social impact requires not only rigorous evaluation and documentation but also an ongoing commitment to refining our strategies based on the insights gleaned from our experiences.
- **Continuous Impact Optimisation:** We at SIIFIC engage in a dynamic process of continuous optimization of our impact strategies. Leveraging systems mapping as a precursor to forming our theory of change ensures that every investment decision is informed by a deep understanding of the intricate web of societal interactions. This holistic approach allows us to anticipate and mitigate unintended consequences while maximizing positive outcomes.
- **Transparent and Accountable Communication:** Emphasizing the importance of transparency, SIIFIC discloses the methodology, process, system maps, theory of change and KPIs of each investment. Through dedicated platforms such as our blog and series of seminars, we not only share our impact achievements but also our challenges and learnings. This practice fosters a culture of accountability and encourages a collaborative dialogue with our stakeholders.
- **Rigorous Review and Reflective Learning:** SIIFIC aims to conduct and implement a rigorous review mechanism that assesses both the success and shortcomings of our investment activities. These regular introspections, conducted on a weekly basis for portfolio management and deepened through quarterly integrative performance analyses, enable us to document our learnings meticulously. It is this process of reflection and documentation that forms the cornerstone of our strategy to enhance our impact management systems continually.
- **Stakeholder-Centric Feedback Loop:** Recognizing the invaluable insights provided by our diverse stakeholder community, SIIFIC actively seeks and integrates feedback from our investees, beneficiaries, and partners. This inclusive approach ensures that our investment strategies are responsive to the real-world impacts they create, thereby refining our impact thesis and stakeholder engagement practices to better meet the needs of those we aim to serve.
- **Proactive Adaptation and Improvement:** The insights derived from SIIFIC's comprehensive review processes are instrumental in guiding our future investment decisions. Whether it's through refining our investment guidelines, adjusting our impact management frameworks, or enhancing our engagement strategies, we remain unwavering in our commitment to adapt and evolve. This adaptability is crucial in staying responsive to new insights, market developments, and the evolving needs of our stakeholders.
- **Annual Impact Performance Report:** With the anticipation of publishing our first detailed impact performance report in March 2025, we are setting a new standard for transparent reporting. This report will not only highlight our successes and areas for improvement but also underscore our dedication to accountability and trust- building with all our stakeholders.

## INDEPENDENT VERIFICATION (PRINCIPLE 9)

### Principle 9

Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

*The Manager shall publicly disclose, on 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.*

- At SIIFIC, we stand at the vanguard of promoting transparency and accountability within the impact investing ecosystem. Our adherence to Principle 9 embodies a comprehensive commitment to demonstrating our alignment with the Impact Principles, ensuring our practices are not only transparent but also subject to the highest standards of verification and continuous refinement.
- **Unwavering Commitment to Transparency:** SIIFIC pledges to openly communicate our alignment with the Impact Principles, underscoring our dedication to transparent practices. Our annual Disclosure Statement serves as a testament to this alignment, reflecting our ongoing efforts to integrate these principles into our impact management systems.
- **Independent Verification Every Three Years:** To bolster the credibility and trustworthiness of our alignment with the Impact Principles, SIIFIC commits to facilitating regular independent verifications. These verifications conducted at least every three years—or more frequently in response to significant changes in our impact management systems—underscore our dedication to maintaining objective and credible practices. Our first verification, performed by Phenix Capital Group from January to April 2024, exemplifies this commitment.
- **Adaptive to Evolving Impact Standards:** Recognizing that the landscape of impact investing is dynamic, with continually evolving standards and expectations, SIIFIC is committed to staying informed and adaptable. Our proactive approach ensures that our management systems not only remain aligned with the Impact Principles but also reflect the latest developments and best practices within the impact investing community.
- **Active Engagement within the Impact Investing Community:** SIIFIC's involvement in the broader impact investing community is driven by a desire to foster collective learning and contribute to the progression of impact management practices. By sharing our experiences and insights related to aligning with the Impact Principles, we play an integral role in elevating the field as a whole.
- **Transparent Reporting on Verification Results:** The findings from our independent verification processes are publicly disclosed, enhancing the transparency and integrity of our impact management system. This public reporting, accessible on both the Operating Principles for Impact Management and [SIIFIC websites](#), provides our stakeholders with a clear, confident understanding of our commitment to rigorous impact management.
- **Continuous Cycle of Improvement:** Insights garnered from our public disclosures and independent verifications are pivotal in informing SIIFIC's continuous improvement processes. We leverage these inputs to refine and advance our impact investing strategies and practices, ensuring our alignment with the Impact Principles while striving to set exemplary standards in the industry.

▪ **Current independent verifier:** Information is as follows:

Name and Address	<a href="#">Phenix Capital Group B.V.</a> Overschiestraat 631062 XD Amsterdam, The Netherlands
Qualifications	Phenix Capital Group is a leading impact investing advisory firm established in 2012. The advisory division of Phenix Capital Group delivers tailored services to structure and launch impact investment mandates and funds, leveraging its unparalleled intelligence of impact investing funds across asset classes and geographies. With an exclusive focus on impact investment for over 10 years, Phenix is at the forefront of impact investing practices, mapping and supporting clients with implementing the highest quality impact frameworks and standards. Phenix have performed due diligences for over 45 funds since 2020.
First Assessment	January to April 2024

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