

Independent Verification Report

Independent Verification:

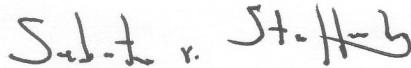
Luminis Advisors, LLC (“Verifier”) was asked to verify that the impact management system (“IMS”) of Kiva Capital Management, LLC (“KCM”), as described in its internal policies and procedures (collectively, the “Policies”) and summarized in the Disclosure Statement dated March 2022 (the “Statement”), is aligned with the Operating Principles for Impact Management (each, an “Impact Principle” and collectively, the “Impact Principles”), in accordance with Impact Principle 9. KCM reports total assets under management in alignment with the Impact Principles of USD 58.6 million as of December 31, 2022 (the “Covered Assets”).

Methodology and Scope of Independent Verification:

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

Verifier Statement:

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



Sebastian von Stauffenberg
Principal
Luminis Advisors, LLC
June 21, 2023



About Luminis Advisors, LLC

Luminis Advisors, LLC (“Luminis”) is an independent advisory firm that provides a range of solutions to the impact investment market based on deep industry knowledge, expert risk analysis, and a comprehensive suite of benchmark data. Since its founding in 2014, Luminis has worked with a wide range of stakeholders, including asset managers, investors, as well as other service providers, and completed more than 450 evaluations of over 150 impact investment funds. For more information, visit www.luminisadvisors.com.

Operating Principles for Impact Management – Verifier Summary Rationale¹:

Impact Principle (“IP”)	Score*	Comments
IP 1 Define strategic impact objective(s), consistent with the investment strategy	✓+	Clearly stated impact objectives with respect to internal documentation as well as investor communications. Well-aligned with SDGs. Both proportionality of impact as well as consistency of strategy are reviewed and ensured. Given the relative youth of the investment portfolio, assumptions that underlie the impact thesis are still being tested.
IP 2 Manage strategic impact on a portfolio basis	✓+	Impact is strongly integrated throughout the entire investment process and well managed at both an individual investment level and on a portfolio-wide basis. Clear and consistent framework to measure impact across investments. Impact factors are loosely considered in KCM’s incentive policies.
IP 3 Establish the Manager’s contribution to the achievement of impact	✓+	Strong and well-defined impact thesis and credible impact narrative linking KCM’s investments to their desired objectives. Through the measurement of ‘ <i>additionality</i> ’, KCM’s contribution is specifically evaluated and measured.
IP 4 Assess the expected impact of each investment, based on a systematic approach	✓	Clear impact targets and measurement framework, both of which are aligned with industry standards and are an important part of its diligence process. Impact potential is measured but could be done more comprehensively by including consideration for concrete impact risk dimensions and potential negative and indirect impacts.
IP 5 Assess, address, monitor, and manage potential negative impacts of each investment	✓(-)	Specific financial inclusion-related factors pertaining to governance, client protection, and market pricing are systematically assessed and monitored for potential negative impact. Assessment of ESG-related risk factors is incorporated into diligence process via impact scorecard and ALINUS (with particular focus on “S” and “G,” while “E” is typically limited to compliance with exclusionary lists). Notably, although KCM is aligned with peers with respect to IP 5, there is room for improvement compared to best practices.
IP 6 Monitor the progress of each investment in achieving impact against expectations and respond appropriately	✓	Systematic and frequent impact monitoring and reporting on well-defined and measurable targets. Strong investment guidelines with specific impact-related covenants ensure compliance with KCM’s impact objectives. Excellent use of comprehensive impact scorecard to measure progress. Effective reliance on third-party providers to gain stakeholder and end-client input. Frequency and method of sharing impact findings and progress with investees could be improved.
IP 7 Conduct exits considering the effect on sustained impact	✓	KCM’s exclusive use of debt instruments inherently limits its ability to consider impact-related factors with respect to investment exits. Impact-related covenants are incorporated into every loan agreement and stipulate ongoing compliance. Well-defined impact guidelines are an integral part of the loan renewal process (however there is limited flexibility during the term of the loan). KCM could benefit from a more formalized approach towards safeguarding impact continuity beyond maturity of the loan.
IP 8 Review, document, and improve decisions and processes based on the achievement of impact and lessons learned	✓	Quarterly and yearly impact reports include lessons learned and next steps. Feedback loop for adapting policies/procedures based on lessons learned could be more formally integrated into the review process. Assessing social performance management could ensure systemization and continuous improvement in decision-making and achieving better learning.

¹ The decision to publicly disclose these Verifier findings, and/or the specific score(s) assigned to each Impact Principle as of June 21, 2023, is left to the sole discretion of KCM.

** Scoring scale:*

- ✓+* *Alignment with Impact Principle exceeds industry standards*
- ✓* *Aligned with Impact Principle*
- ✓-* *Aligned with Impact Principle but with notable room for improvement*
- X* *Not aligned with Impact Principle*