



Operating Principles for Impact Management

Disclosure Statement

Operating Principles for Impact Management



Belgian Investment Company for Developing countries (BIO)

BIO hereby affirms its status as a Signatory to the Operating Principles for Impact Management. The Disclosure Statement applies to all assets under BIO management. The total assets managed in alignment with the Impact Principles equal to EUR 1,179 million, as of December 31, 2024.¹

Joris Totté
BIO Chief Executive Officer
September 29, 2025

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.

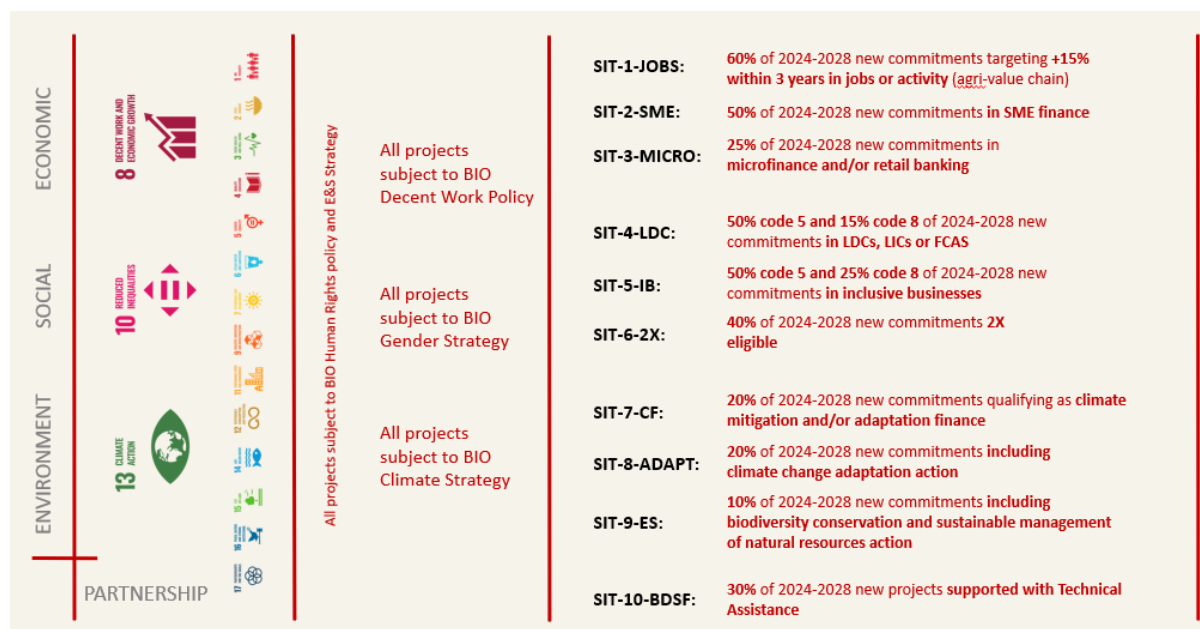
¹ Or, equivalently, to USD 1,228 million.

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

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.

- BIO is fully owned by Belgian Ministry for International Cooperation. A Federal Law sets the framework for this ownership, in line with the objectives and principles of Belgium's development cooperation policy. As defined by this law² and specified in the 2024-2028 BIO management contract³ with the Belgian Ministry for International Cooperation, BIO's mission is to contribute to sustainable human development in low- and middle-income countries, by investing directly or indirectly in local private sector enterprises.
- BIO's management contract requires that BIO's directs its activities towards the three pillars of sustainable development, namely: the economic, social and environment pillars. Furthermore, BIO should establish partnerships in support of these pillars and apply an integrated approach to these pillars, in order to strive in particular for its interventions to contribute to the achievement of the Sustainable Development Goals (SDGs).
- Over the period 2024-2028, BIO will demonstrate this contribution to SDGs by meeting 10 Strategic Impact Targets with its investment projects, as listed in the overview of BIO's Strategic Impact Framework.⁴

Overview of BIO's Strategic Impact Framework



² https://ejustice.just.fgov.be/cgi_loi/change_lg.pl?language=fr&la=F&cn=2018102514&table_name=loi

³ <https://www.bio-invest.be/en/governance>

⁴ <https://www.bio-invest.be/en/strategic-impact-framework>

- To align with the new ambition and Strategic Impact Targets, a new investment strategy for the period 2024-2028 has been developed and approved in 2024.⁵
- Parallel to the development of the new investment strategy, BIO is updating its Theory of Change (ToC)⁶, to provide a comprehensive description of BIO's contribution to the Sustainable Development Goals (SDGs).
- For each investment project, BIO measures the expected and actual development contribution through a set of tools that are part of BIO development Assessment, Monitoring and Evaluation (AME) framework. This framework is aligned with BIO's Strategic Impact Framework and ToC and was designed to provide an adequate evidence-based support to the underlying logical reasoning.
- At the end of 2024, BIO's net total commitment reached a total amount of EUR 1.078 B – see below the split across region and instrument.

Total approved commitments on 31/12/2024 across region and instrument

#		LAC	Africa	Asia	Multi	Total	Equity	Loan
	<i>Agriculture, forestry and fishing</i>	18.67	10.75	-	-	29.42	-	29.42
	<i>Manufacturing</i>	7.90	27.07	3.32	-	38.30	-	38.30
	<i>Other</i>	-	11.11	-	-	11.11	-	11.11
24	Enterprise	26.6	48.9	3.3	-	78.8	-	78.8
	<i>Commercial banking</i>	100.8	60.3	37.2	-	198.2	16.8	181.5
	<i>Microfinance institution</i>	52.1	51.7	40.2	16.8	160.7	38.8	122.0
	<i>Financial leasing</i>	-	6.6	-	-	6.6	-	6.6
	<i>Other</i>	-	-	9.4	16.5	25.9	16.5	9.4
46	Financial Institution	152.9	118.5	86.8	33.3	391.5	72.0	319.4
	<i>Electric power generation</i>	21.9	59.1	32.4	17.8	131.1	-	131.1
14	Infrastructure	21.9	59.1	32.4	17.8	131.1	-	131.1
	<i>SME Fund</i>	23.1	165.7	70.1	33.0	291.9	261.3	30.6
	<i>Infra Fund</i>	8.7	62.3	21.7	4.2	96.8	68.6	28.2
	<i>FI Fund</i>	19.4	29.9	18.7	28.2	96.2	67.5	28.7
	<i>Fund of Fund</i>	-	-	-	9.0	9.0	4.5	4.5
69	Investment Company & Fund	51.3	257.8	110.5	74.4	494.0	402.0	92.0
153	Total	252.6	484.3	233.0	125.5	1,095.4	474.0	621.4

⁵ <https://www.bio-invest.be/en/our-investment-strategy>

⁶ <https://www.bio-invest.be/en/theory-of-change>

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.

- BIO relies on its development AME framework to manage and monitor its impact performance at portfolio level. This is mainly achieved through the ex-ante development assessment tools (see principle 4 for more details) and the yearly monitoring of key development metrics for all portfolio projects (see principle 6 for more details).
- For each investment project, the ex-ante assessment process results in a simple development score card that summarizes the project expected contribution to BIO's 10 Strategic Impact Targets and Development Goals (see Principles 4) as well as BIO financial and non-financial additionality.
- From 2020, BIO has started using economic modelling to also assess the indirect effects associated with financed projects. This allows estimating the gross direct and indirect economic and environmental impact of a portfolio of projects in a single year, and to track changes over time. For that purpose, BIO alongside with several other international finance institutions uses the Joint Impact Model⁷ (JIM), a new open access model which results from the collaboration between the African Development Bank, BIO, CDC Group, FinDev Canada, FMO and Proparco with Steward RedQueen.
- Every year, BIO's portfolio development performance — expected development contribution of new commitments as well as actual direct and indirect contribution of portfolio projects to the SDGs — are discussed in a specific report to BIO' shareholder. BIO's development impact performance is part of wider BIO's corporate objectives, but there is no alignment of staff incentive systems linked with the achievement of development impact.
- BIO does not align staff incentive systems with the achievement of impact, but could consider best practices on staff alignment in the future.

⁷ <https://jointimpactmodel.com/>

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.

- For each investment project, the intervention of BIO must be additional, as required by BIO's law and management contract. There are two types of additionality: financial and non-financial. While financial additionality is an intervention principle, non-financial additionality plays an important and complementary role, and is central to BIO's value adding role.
- The additionality assessment is part of the ex-ante assessment tool and follows a similar methodology to the one used for the expected development contribution: a simple scoring supported by a comprehensive and substantiated justification⁸.
- The ex-ante development score card rating (see above, Principle 2) as well as explanatory comments are included in the investment analysis note. The project approval decision is based on this systematic narrative of the project expected development contribution and financial and non-financial additionality. These aspects are systematically included in the Investment Note.
- More specifically on non-financial additionality, through its Business Development Support Fund (BDSF), BIO can support current and prospective portfolio companies to increase their business performance and improve sustainable business development practices by co-financing (with grants) Technical Assistance, Feasibility Studies and Investment Support for innovative SMEs. The budget and the co-financing rate are proportional to the financial capacity of the company and the expected development impact of the project.

⁸ For instance financial additionality refers to tenor, stamp of approval, local currency, financing gap, anchor investor,... and non-financial additionality to ESG practices strengthening, Technical Assistance Programme, inclusiveness improvements,...

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.

- During the investment appraisal, BIO uses its ex-ante development tool to structure and document the development rationale of a given investment project by identifying and assessing its expected contribution to BIO's 10 strategic Impact Targets (see Principle 1) and related BIO's 9 Development Goals (BDGs): (i) local economic growth; (ii) Private sector consolidation/innovation; (iii) Financial inclusion; (iv) Food security and rural development; (v) Access to basic services and goods; (vi) Fight against climate change (vii) Preservation of natural resources; (viii) Promotion of ESG best practices (ix) Gender equality. The ex-ante tool evidences the expected contribution to each strategic target and goal, as well as for the latter evaluates whether it can be marked as primary objective, secondary, or not relevant. BIO's financial and non-financial additionality are also assessed with a similar scoring methodology, as part of the ex-ante tool.
- Beside the score card rating and associated justifications, the ex-ante assessment tool requires assessing the expected results, based on measurable indicators. A set of standardized cross-sector, sector- but also investment-specific indicators⁹ that best capture the specific development objectives assigned to the project is identified, while baseline and projection figures are set. This provides the foundations to follow-up on results indicators, to monitor and evaluate project development effectiveness, and to report externally on development achievements at portfolio level.
- On some key commitments that are transversal to all BIO interventions, i.e. decent work¹⁰, gender equality¹¹, and the fight against climate change¹², BIO has developed specific policies and approaches, conducting systematic assessments of the risks associated with the investment project, its initial impact performance and the potential for improvements, that often result in concrete actions to be envisaged by the client and eventually supported by BIO through its Business Development Support Fund (see Principle 3).

⁹ Most indicators used are performance indicators that several international finance institutions from around the world use to measure their social, environmental, and financial performance. The selection of indicators as well as the definitions are aligned with the HIPSO (indicators.ifipartnership.org/) and/or IRIS (iris.thegiin.org/metrics/) catalogues of metrics.

¹⁰ <https://www.bio-invest.be/files/BIO-invest/Our-Impact/DecentWork>

¹¹ <https://www.bio-invest.be/en/gender>

¹² <https://www.bio-invest.be/en/climate-strategy-2>

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)⁸ 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.⁹ 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.

- BIO integrates E&S considerations into its entire investment lifecycle based on internationally recognized standards and guidelines. As member of EDFI, BIO adheres to the EDFI Principles for Responsible Financing¹³, which set the high-level principles and requirements that all EDFI have committed to. BIO does not finance activities in breach with the Harmonized EDFI Exclusion Lists¹⁴. BIO also requires that all clients comply with applicable environmental, social, labour and human rights laws and international conventions in the countries they operate. In addition, BIO refers to and promotes the following standards, including in its own operations, as applicable:
 - IFC Environmental and Social Performance Standards (IFC PS, 2012) / Equator Principles
 - World Bank Group Environmental Health and Safety Guidelines (WB EHS)
 - International Bill of Human Rights and United Nations Guiding Principles on Business and Human Rights (UNGP)
 - ILO Declaration on Fundamental Principles and Rights at Work and the eight core conventions Universal Standards for Social Performance Management in microfinance / SMART Campaign Client Protection Principles
 - Responsible Finance Forum Guidelines for Investing in Responsible Digital Financial Services
- To operationalize the commitments and principles referred above, BIO has developed a Human Rights Policy¹⁵ and an E&S Policy and Strategy¹⁶ (reviewed regularly) and has integrated E&S management into its organizational structure and investment process. The investment processes, contracts and monitoring of the portfolio include environmental and social considerations. These are detailed in the form of a procedure in BIO's internal E&S Investment Manual. A dedicated team of E&S specialists work with BIO's investment and portfolio teams, as well as with clients, on the management of E&S risks and opportunities throughout the investments life-cycle, adding value to BIO's operations and clients' businesses. For every transaction, once E&S risks and opportunities for improvements are identified and assessed¹⁷, performance improvements (through Environmental and Social Action Plans) are contractually agreed with clients and monitored. BIO supports clients to adopt a beyond compliance approach and seek increased E&S performances, when relevant with the support of BIO Business Development Support Fund (see Principle 3). In line with its Transparency & Disclosure Policy¹⁸, BIO publishes a summary of the main E&S findings.

¹³ EDFI Principles for Responsible Financing of Sustainable Development (edfi-website-v1.s3.fr-par.scw.cloud)

¹⁴ EDFI-Exclusion-List_September-2011.pdf (edfi-website-v1.s3.fr-par.scw.cloud) and <https://edfi-website-v1.s3.fr-par.scw.cloud/uploads/2021/02/EDFI-Fossil-Fuel-Exclusion-List-October-2020.pdf>

¹⁵ https://www.bio-invest.be/files/BIO-invest/Our-Impact/HumanRightsApproach/20250122-BIO-Human-Rights-Policy_EN.pdf

¹⁶ https://www.bio-invest.be/files/BIO-invest/Our-Impact/ESPolicyStrategy_VF.pdf

¹⁷ Projects are categorized according to their environmental and social risks. Category levels A, B+, B or C (respectively high, medium-high, medium-low and low impact) are used in line with the IFC and EDFI approach to risk categorization.

¹⁸ 20210525_BIO-Disclosure-Policy_Approved.pdf (bio-invest.be)

- In addition, BIO recently developed a specific Decent Work Policy¹⁹ to clarify the concept of decent work and how BIO integrates a decent work approach throughout its activities. This Policy is to be read in parallel with BIO E&S Policy and Strategy.
- Over the course of the investment period, BIO's portfolio and E&S teams monitor compliance by the investees with contractually agreed E&S requirements, action plans and reporting undertakings. To the extent feasible, support will be provided to investees to help them improve their E&S performance. In this context, BIO has developed a monitoring framework and a tool that defines the applicable level of monitoring to be applied determined based on the investment risk, E&S performance, Environmental and Social Action Plans completion, and the occurrence of possible incidents. BIO also set up an E&S Watchlist Committee, allowing to follow projects that need close E&S monitoring. BIO has also set up a Grievance Mechanism²⁰, as part of the wider dialogue with communities and stakeholders.
- On corporate Governance, BIO is a signatory of the Corporate Governance Development Framework²¹. Corporate Governance is assessed by the investment team for every new transaction, with the support of third-party experts when deemed necessary.

¹⁹ https://www.bio-invest.be/files/BIO-invest/Our-Impact/DecentWork/DecentWork_Vf.pdf

²⁰ https://www.bio-invest.be/files/BIO-invest/Grievance-Mechanism/BIOs-Grievance-Mechanism-Policy-20220629_ENG.pdf

²¹ cgdevelopmentframework.com/cg-development-framework/

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 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.

- BIO use its development Assessment, Monitoring and Evaluation (AME) framework to monitor its development impact all throughout the investment period. The development effectiveness of each project is monitored on a yearly basis, based on a pre-defined set of indicators that are capturing the initial development objectives assigned to the project. This typically include standardized cross-sector indicators as well as sector- and investment-specific indicators, including Joint Impact Indicators (JII).²²
- Tracked during the whole investment period, BIO uses this information to monitor progress towards the achievement of development effects in comparison to ex ante expectations (projections), and to analyze the development performance at project and portfolio levels. Data are collected annually from the client, by the Portfolio Team of the Investment Department. The Development and Sustainability Unit is responsible to assess data quality, process and analyze them, and report on development effects, in line with BIO Theory of Change.
- Project review report is another important document allowing to closely monitor both development and financial/commercial effects together, which is a joint effort of BIO Portfolio Department and the Development Team.

²² Most indicators used are performance indicators that several international finance institutions from around the world use to measure their social, environmental, and financial performance. The selection of indicators as well as the definitions are aligned with the HIPSIO (<https://indicators.ifipartnership.org/>) and/or IRIS (<https://iris.thegiin.org/metrics/>) catalogs of metrics.

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.

- Before exiting any direct equity participation, BIO takes into consideration the effect on sustaining development impact. This can affect the timing, structure, and choice of the buyer. BIO also seeks to align with sponsors on the most satisfactory exit options.
- Every direct equity exit is subject to the Investment Committee, Credit Committee and Board of Directors' approval.

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.

- Until 2024, BIO was conducting an independent in-depth evaluation of a sample of ongoing or exited projects each year.²³ These evaluations were focusing on a specific theme, sector or region and further investigate the development effects of BIO's interventions. They usually involve in-depth analysis, survey and interviews with BIO staff and other key stakeholders as well as field visits to investees. BIO development experts organize and coordinate these evaluations, but the analysis itself is performed by external evaluators and supervised by a steering committee with representatives of the Ministry of Development Cooperation and its Special Evaluation Service (which report directly to the Belgian Chamber of Representatives). Based on the findings of the external evaluation, BIO draft a management response addressed to BIO Board of Directors, which include an action plan towards the implementation of the relevant actionable recommendations.
- For the period 2024-2028, BIO developed a first Evaluation Plan oriented towards assessing its approach and performance in terms of development and sustainability at both strategic and project level. This plan has the following features:
 - Focus on commitments and objectives as defined in the management contract;
 - Extend throughout the duration of the management contract, with annual updates;
 - Rely on a combination of internal and external instruments for monitoring and evaluation;
 - Include the evaluation of strategic objectives and case studies of investment projects; and
 - Ensure that these evaluations, especially the case studies, are representative of BIO's activities.
- As part of BIO's AME framework and evaluation plan, a completion assessment is also conducted internally at the end of each project to review and sum up the project main achievements. The assessment covers business, financial, development and Environmental & Social outcomes, and is based on monitoring data and any other available information – either available in intermediary reports or evaluations. The main objective of this assignment is to document and distil lessons learned regarding development impact of each project. Findings and lessons are then used to improve operational and strategic investment decisions, as well as management processes.

Principle 9 > Publicly disclose alignment with the Impact Principles and provide regular independent verification 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.

²³ <https://www.bio-invest.be/en/external-evaluation>

- This Disclosure Note re-affirms the alignment of BIO's procedures with the Operating Principles for Impact Management and will be updated annually.
- The independent verification of this alignment will be done every 5 years.
- The independent verification is conducted by BIO's Internal Auditor.²⁴

First independent verification: March 2021²⁵

Next independent verification: March 2026

²⁴ BIO's Internal Audit function operates in accordance with BIO's Internal Audit Charter which was approved by the Board of Directors on 3 March 2020. This Charter defines the mission, responsibilities, scope of work, reporting and other key attributes of the function. With respect to the independence, the Internal Auditor ensures that the internal audit activity remains free from all conditions that threaten the ability of internal auditor to carry out his responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. The Internal Auditor has no direct operational responsibility or authority over any of the activities audited. Accordingly, the Internal Auditor does not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair his judgment. The Internal Auditor also maintains an unbiased mental attitude that allows him to perform engagements objectively and in such a manner that he believes in his work product, that no quality compromises are made, and that he do not subordinate his judgment on audit matters to others. The Internal Auditor reports functionally to the Audit Committee. The Internal Auditor confirms to the Audit Committee, at least annually, the organizational independence of the internal audit activity.

²⁵ <https://www.bio-invest.be/files/BIO-invest/Our-Impact/OPIM/IA-2021-AUD-02-OPIM-Verification-Report.pdf>