LeapFrog Investments

Disclosure Statement

Operating Principles for Impact Management

LeapFrog Investments, 6 July 2026

LeapFrog Investments Group, Ltd. ("LeapFrog") is a founding signatory to the Operating Principles for Impact Management (the "Impact Principles").[1] The International Finance Corporation ("IFC"), in consultation with a core group of impact investors and other external stakeholders including LeapFrog, developed the Operating Principles for Impact Management. In 2022, the host for the Impact Principles transferred from the IFC to the Global Impact Investing Network. These Impact Principles support the development of the impact investing industry by establishing a common discipline around the management of investments for impact.

LeapFrog Investments was founded with the ambition to help emerging consumers[2] in Africa and Asia rise out of poverty and vulnerability by providing them with essential goods and services. In the past 19 years, our companies have already helped over 622 million consumers access affordable and good quality financial tools and healthcare services. The world has changed since we first launched, and these consumers face new, unprecedented challenges such as navigating the hazards of climate change. As such, LeapFrog evolved its impact measurement and management practice in 2023 and embedded climate as a core tenet of our approach.

The following Disclosure Statement applies to all funds and strategies actively managed by LeapFrog: LeapFrog Financial Inclusion Fund II, LP and LeapFrog Financial Inclusion II-B, LP (together, "Fund II"), LeapFrog Emerging Consumer Fund III, LP ("Fund III"), LeapFrog Emerging Consumer Fund IV, LP ("Fund IV") (collectively, "the Funds"), and LeapFrog's Climate Strategy.

The total assets under management in alignment with the Impact Principles is US$2.7 billion as of 31 March 2026.

Dr Andrew Kuper,
Founder and CEO
LeapFrog Investments 6
July 2026

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

2 Defined as those living on between $2.15 to $11.20 a day in terms of 2017 Purchasing Power Parity (PPP)

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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.

- LeapFrog seeks to fulfil the global unmet demand for essential services among billions of low-income consumers by backing high-growth, innovative, scalable businesses in Africa and Asia. Since inception, LeapFrog has expanded its investment portfolio to fulfil the following impact objectives:
    - **Health and Wealth Strategy:** Provide emerging consumers with critical financial and health products and services. Emerging consumers are defined as working people and their families, living below $11.20 per day[3], willing and able to pay for critical products and services, but either entirely excluded or underserved by virtue of being low-income, or due to other factors such as a health condition, caste, religion, ethnicity, gender, etc.
    - **Climate Strategy:** Deploy capital that creates low-carbon, climate-resilient pathways to prosperity for underserved consumers and MSMEs across Africa, South Asia and Southeast Asia while generating attractive risk-adjusted returns and delivering substantial climate impact. LeapFrog will target the highest emitting sectors in key markets, which together make up 85% of consumer emissions.
- LeapFrog's Profit with Purpose approach is built upon the premise of empowering individuals to be their own agents of change and choice, stemming from the pioneering work of Nobel Prize winner Amartya Sen (who supervised LeapFrog's founder's PhD) and his Capability Approach for Human Development.
- Each LeapFrog fund has clear and defined social impact objectives and quantifiable impact targets (scale). These objectives are aligned with specific SDGs at a sub target level, going beyond a simple mapping. LeapFrog's strategy contributes to and aligns with targets identified under SDG1 (no poverty), SDG2 (zero hunger), SDG3 (good health and well-being), SDG5 (gender equality), SDG7 (affordable and clean energy), SDG8 (decent work and economic growth), SDG9 (industry, innovation, and infrastructure), SDG10 (reduced inequalities), SDG11, (sustainable cities), SDG12 (responsible consumption and production), SDG13 (climate action), and SDG17 (partnership for the goals).
- Fund level impact objectives are tied to positive, measurable output, outcomes, and impact, which are included in a legally binding agreement, the Responsible Investment Code. Over time, as LeapFrog has broadened its investment sector exposure across financial services, healthcare, and climate, it has expanded and adapted its Impact Management and Measurement system to target and track impact in the relevant subsector(s).
- Each potential investment opportunity is assessed against its contribution to the dual profit and purpose goals of the given fund, creating an impact gating factor prior to due diligence. Prior to investment and on an ongoing basis, the Investment team and Impact team utilise the latest academic and market literature on the target industry to build the internal knowledge and capture the current best practices needed to drive impact, e.g. client protection risks and opportunities.
- Fund IV targets were developed using historical data from Fund II and Fund III, ensuring that impact objectives are consistent with the investment strategy, credible, built upon actual performance delivered and proportionate to the size of the portfolio.

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3 Emerging consumers are defined as those earning less than $10 a day (2011 PPP$) for those investments made before February 2022. Due to inflation, two companies invested in since February 2022 define emerging consumers as those earning less than $11.20 a day (2017 PPP$).

LeapFrog's climate strategy targets were developed using an analysis of expected avoided emissions, based on the expected units of climate assets distributed during the holding timeframe and credible research on expected emissions avoided relative to the climate asset's fossil-fuelled incumbent.

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 recognisng 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 overall LeapFrog investment process is multi-step and encompasses investment screening, portfolio management, and exit. LeapFrog assesses performance of the portfolio and the underlying investments in an integrated manner: against the dual profit and purpose targets at each stage of the investment process. The achievement of aggregate and fund-level profit with purpose goals falls directly under the purview of LeapFrog's core investment governing bodies.
- Integrated performance of each investee company is reviewed, generally on a quarterly basis, by a dedicated investment team. Throughout the investment holding period, each investment team tracks the progress of the business against investment cases approved by the Investment Committee (IC), which include the relevant profit and purpose targets.
- Further reviews of integrated profit with purpose performance of the investments take place regularly across relevant LeapFrog investment governing forums. All investees are asked to align with the Responsible Investment Code and FIIRM, LeapFrog's proprietary measurement tool. FIIRM stands for Financial, Impact, Innovation and Risk Management – an integrated approach. FIIRM incorporates the ability to measure impact using core standardised KPIs for comparability across investments and custom KPIs that capture the distinct impact of investments across the industries and markets.
- Investment staff fully own the profit and purpose performance and are supported by dedicated impact analysts embedded within each investment function to play a key thought partner and delivery role. Compensation of the entire leadership and senior management of LeapFrog is linked to the performance and delivery of core impact KPIs that are developed and adopted annually.

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.[4] The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- LeapFrog articulates its contribution to investee impact through sector-level theories of change, which include expected inputs, activities, and key opportunities for value creation that will enable delivery of targeted output, outcomes, and ultimate impact.
- FIIRM and LeapFrog's **CX (Consumer Insights) Launchpad ("Consumer Insights")** capture the information needed to establish performance from inputs to ultimate impact. FIIRM tracks the performance of overall business, individual products, and ongoing value creation projects via specific KPIs that determine success versus relative benchmark. Consumer Insights supplement FIIRM performance tracking and provide direct insights into customer needs, behaviour, and impact experienced. Further evidence is captured in the form of third-party research and studies conducted.
- Proposed value creation initiatives are assessed on expected contribution to the achievement of the impact as articulated in the theory of change, impact thesis, and specifically the dual profit and purpose targets for the investment. These include the high risk, innovative projects that LeapFrog delivers in partnership with technical assistance providers and donors.
- Value creation that is undertaken in the form of non-financial contribution is supported by significant evidence collected prior to and post the intervention, resulting in the development of success measures. Examples include Consumer Insights and LeapFrog's **Talent Accelerator**, both of which have defined end-to-end success measures.
- Investment teams provide quarterly qualitative and quantitative value creation performance updates to LeapFrog investors through integrated LP reports. This allows for regular updates on the contribution of LeapFrog in specific areas within a defined performance period.

4 For example, this may include: improving the cost of capital, active shareholder engagement, specific financial structuring, offering innovative financing instruments, assisting with further resource mobilisation, 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.

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[5] 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?[6] (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[7] and follow best practice[8].

- LeapFrog has developed theories of change that guides each fund's approach to generating and attributing impact. The theory of change guides the focus of impact due diligence and measurement via FIIRM. The diligence for impact risks and opportunities is conducted using a standardised Impact and Sustainability Due Diligence toolkit, in collaboration with experts in the areas of consumer centricity, talent acceleration, and specialised areas such as Artificial Intelligence (AI) or climate risk.
- The Investment team and Impact team collectively build the impact case.
    - For the Health and Wealth strategy, impact is evaluated across five core areas: (1) scale of emerging consumers reached (current and expected), (2) quality of the product being provided, (3) affordability of the product relative to the emerging consumer income, (4) the presence of good governance standards to protect the various stakeholders, and (5) the avoidance of significant environmental and social harm In determining the emerging consumer opportunity, LeapFrog assesses the financial or health inclusion of low-income consumers in market and the expected provision of products and services by the company to the underserved consumer segment. The Impact team selects KPIs to track across Scale, Product Quality, and Affordability using the due diligence findings, IRIS+, and the relevant global industry body for each sector.
    - For the Climate strategy, impact is evaluated across the following pillars: (1) Mitigation - ability to mitigate future emissions, (2) Adaptation - ability to prepare, prevent, or respond to climate-related risks, (3) Livelihoods - ability to create, support, or enhance wealth creation for users, and (4) Access – ability to reach consumers via affordability and relevance of the solution to consumer needs. Impact is further categorised as being Direct (i.e., solutions that directly reach end-users and displace carbon-emitting incumbents, Enabling (i.e., solutions that accelerate or support the sustained use of pro-climate solutions), and Amplifying (i.e., solutions solving system-level challenges that amplify impact of entire sectors/markets). The Impact team selects KPIs to track across these pillars using the due diligence findings, IRIS+, and other climate frameworks.

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5 Impact is considered the material effect/s on people and the environment resulting from the investment, as outlined in Principle 1. Impacts assessed under Principle 4 may also include positive ESG effects derived from the investment.

6 Adapted from the Impact Management Project (www.impactmanagementproject.com).

7 Industry indicator standards include HIPSO (https://indicators.ifipartnership.org/about/); IRIS (iris.thegiin.org); GRI (www.globalreporting.org/Pages/default.aspx); and SASB (www.sasb.org), among others.

8 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.

- Broader impact and sustainability performance are assessed in relation to international best practices as defined by SASB, UN PRI and the five dimensions of impact. Identification of risk is done using FIIRM and globally accepted standards-based toolkits or frameworks, including SFDR PAI Indicators, FMO E&S Risk Toolkit, EU DNSH criteria, the Cerise+SPTF Client Protection Principles, IFC Performance Standards and engaging with sustainability experts for higher risk businesses.
- LeapFrog's Investment Committee (IC) scrutinises the expected impact and the synergy between profit and purpose. Post review, the IC formally signs off on the impact targets. Each Investment Committee paper has a separate section for impact and sustainability , which provides the strategy of the underlying investment, the impact gap experienced by low-income consumers, the material risks involved in delivering this strategy, and commitment of management to mitigate the risk, including evidence of a clear and viable action plan to increase the impact of the investment.

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 sustainable and responsible business[9] 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[10]. As part of portfolio management, the Manager shall monitor investees' risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- The **Responsible Investment Code (RIC)** outlines LeapFrog's commitment to environmental, social and governance factors, and risks, in its investments. LeapFrog asks all its portfolio companies to adopt the Responsible Investment Code for themselves.
- Sustainable and responsible business risks that may be material to investee performance are identified during due diligence using numerous sources, including the SASB Materiality Map, FMO Toolkit, IFC Performance Standards, and LeapFrog's Compliance Manual, as well as prior experience at LeapFrog with comparable deals. LeapFrog engages with sector experts for due diligence as needed.
- The result of these assessments informs an Impact action plan for each investment, which is linked to timelines, responsibilities, and resourcing. The depth and extent of the action plan is based on the materiality of risks uncovered. Action plans are refreshed annually by the Investment team and Impact Labs team collaboratively.
- Post investment, LeapFrog continues to assess portfolio companies' compliance with the Responsible Investment and international best practice. LeapFrog's Annual Monitoring Survey is the primary tool used to undertake standardised assessment of sustainable and responsible business risks.
- LeapFrog actively works with management teams to influence management of sustainable and responsible business factors; approaches have ranged from establishing Social & Ethics Committees to slight adjustments to already strong practices. LeapFrog seeks to have Board representation (or at a minimum, an observer right) in every business. This, alongside each portfolio company's commitment to align with LeapFrog's Responsible Investment Code, gives strong influence over sustainable and responsible business practices.

9 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 Impact Principles 4 and 6.

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

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[11]. The Manager shall also seek to use the results framework to capture investment outcomes[12].

- **FIIRM** forms the backbone of LeapFrog's impact measurement and management system for achieving integrated performance results. FIIRM data and indicators are used on a quarterly basis by LeapFrog's investment governing forums and investment functions to manage the portfolio's performance on profit and purpose. The expected case for impact is built at the time of investment using FIIRM and Consumer Insights (quantitative and qualitative) and progress is monitored quarterly.
- LeapFrog has predefined reporting guidelines that provide detailed guidance to investment teams and investee businesses. These guidance documents include protocols and templates for reporting performance, the method and responsibilities for data collection, and to whom the data will be reported, as well as state the regular, predetermined intervals at which performance data is reported and reviewed internally. The reporting timelines are agreed at the start of the year. LeapFrog's reporting includes monthly reviews and quarterly deep dives by LeapFrog's investment governing bodies, quarterly reports for LPs, **Annual Impact and Investment Results** shared publicly, and other specific reporting requirements.
- In the event of impact underperformance or other negative effects, LeapFrog enacts Environmental and Social Action Plans (ESAPs) or interventions mandated by LeapFrog's investment governing forums as applicable, which could include the need to update the impact targets in light of the performance.
- FIIRM captures outputs data for each product, which demonstrate the customer's ability to understand, afford and use the product. This is analysed along with direct outcomes feedback from the customers to establish whether the beneficiary is experiencing the expected outcomes and impact.

11 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.

12 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/).

Principle 7

Conduct exits considering the effect on sustained impact.

When conducting an exit[13], 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.

- LeapFrog has a standardised process and approach to stipulate how impact is considered at exit. This is codified in the Responsible Exits Framework.
- The purpose of the Responsible Exits Framework is to document impact considerations at exit and formally present it as part of an exit note submitted to the Investment Committee for approval. The Responsible Exits Framework states LeapFrog's commitment to consider financial and social factors in the decision to exit and in the selection of acquirers. The framework seeks to assess whether the investment met its expected impact, using FIIRM data and insights to benchmark financial and social performance at investment and at exit, and states the impact rationale behind the exit timing and buyer selection.
- The framework focuses on the core alignment of the buyer with the impact objective of the investee company, along with protection of employee rights and at-risk stakeholders, to achieve long-term sustainable impact. The selected exit partner is expected to align on these aspects for the exit to proceed.
- LeapFrog updated its Responsible Exits Framework in 2024.

13 This may include debt, equity, or bond sales, and excludes self-liquidating or maturing instruments

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 learning and knowledge development mandate is driven by the impact function under the purview of LeapFrog's investment governing bodies. The impact analysts that are embedded in each investment function work with the investment team members for aggregating the unique learnings from each deal. This aggregation results in formulation of themes and insights that reflect the variation/similarities between investable sectors, geographies, and business types.
- Performance of the portfolio is reviewed under regular portfolio management monthly, followed by quarterly deep dives on integrated performance.
- Both financial and social performance KPIs are benchmarked against the relevant performance set. Actual impact performance of each portfolio company is compared to annual targets. Similarly, value creation projects, both donor and non-donor funded, are tracked versus quantifiable goals set at the beginning.
- LeapFrog uses collective learning to influence the development of future fund goals, as seen in LeapFrog Emerging Consumer Fund IV and LeapFrog's climate strategy. The impact track record achieved across previous funds was utilised as the basis for deriving and expanding the expected impact of Fund IV and LeapFrog's climate strategy. A measurable track record made it possible to undertake a bottom-up performance analysis through comparison of actual quantifiable results achieved versus expected, the suitability of specific business models in achieving profit with purpose results, and risk factors that could hinder performance.

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.

- This Disclosure Note re-affirms the alignment of LeapFrog's procedures with the Impact Principles and will be updated annually.
- LeapFrog Investments' original verification by BlueMark in 2019 was the first in the world to be announced against the OPIM principles. In 2023, LeapFrog completed its second verification, achieving "Advanced" alignment across all eight principles.
- The 2025 independent assurance report on the alignment of LeapFrog with the Operating Principles for Impact Management is available **here**.
- BlueMark (a Tideline Company) is the independent verifier for LeapFrog.
- Qualifications of BlueMark: "BlueMark is a leading provider of independent impact verification and intelligence for the impact and sustainable investing market. Founded in January 2020 as a spinoff from Tideline, an expert consultant to the impact investing industry, BlueMark's mission is to "strengthen trust in impact investing" by providing investors with market-leading impact verification services, benchmarks, and analytics. BlueMark's verification methodologies draw on a range of industry standards, frameworks, and regulations, including the Impact Management Project (IMP), the Operating Principles for Impact Management (Impact Principles), the Principles for Responsible Investment (PRI), SDG Impact, and the Sustainable Finance Disclosure Regulation (SFDR)."
- BlueMark, PBC, is a Delaware registered public benefit corporation having its principal place of business at 154 W 14th Street, 2nd Floor, New York, NY 10011, USA. BlueMark has offices in London, Singapore and New York.
- Most recent review: September 2025.
- LeapFrog intends to undertake verification every 3 years.

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