



IIX Women's Livelihood Bond 2 (WLB2)
Orange Bond Principles | Second Party Opinion
March 2023

Overview

[The Orange Bond Initiative](#)TM – Orange being the color of United Nations Sustainable Development Goal (SDG) 5: Gender Equality – is a new asset class for gender lens investing that aims to mobilize the trillion-dollar bond market to build a gender-empowered financial system that embraces inclusion by valuing the full and meaningful participation of women, girls, and the LGBTQI+ community regardless of race, religion, region, income, or other intersectional factors.

To qualify as an Orange Bond, issuers are expected to align with three overarching Principles: (1) Gender-Positive Capital Allocation; (2) Gender-Lens Capacity and Diversity in Leadership; and (3) Transparency in the Investment Process and Reporting. While issuers are required to align with all three of the Orange Bond PrinciplesTM, they are not required to comply with every sub-point under Principles 1 and 2, both of which provide issuers with the option to comply with only one (or more) sub-points to qualify as an Orange Bond. Principle 3, however, requires issuers to comply with all sub-points under it, in line with the Orange Bond Initiative’s commitment to creating transparent and transformative positive impact. Issuers will be required to provide investors with an overview of how they comply with the Principles and which of the sub-points they are in alignment with.

Orange Bond Guidelines – External Review Form

A. Basic Information

Issuer Name: WLB Asset II Pte Ltd

Issuer Orange Bond Framework Name, if applicable: Women’s Livelihood Bonds [March 2023]

Independent External Review Provider’s Name: IIX Global Charitable Limited

Form Completion Date: March 30, 2023

B. Review Overview

SCOPE OF REVIEW

The review assessed the following elements and confirmed their alignment with the OBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Principle 1 – Gender-Positive Capital Allocation | <input checked="" type="checkbox"/> Principle 2 – Gender Lens Capacity and Diversity in Leadership |
| <input checked="" type="checkbox"/> Principle 3 – Transparency in the Investment Process and Reporting | |

Role of independent external review provider:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

IIX Global Charitable Limited opines that the WLB2 is consistent with the Orange Bond Principles. According to IIX Global Charitable Limited’s analysis, the WLB2 aligns with the three principles: (i) Gender-Positive Capital Allocation; (ii) Gender Lens Capacity and Diversity in Leadership; and (iii) Transparency in the Investment Process and Reporting.

C. Detailed Review

Principle 1: Gender-Positive Capital Allocation

1a. Financing the development and/or provision of products and/or services that substantially and disproportionately benefit women, girls, or gender minorities including the LGBTQI+ community and other groups facing gender-based and intersectional discrimination.

1b. Financing projects or enterprises with a substantially gender diverse and equitable workforce, and/or gender-inclusive value chains, that ensure gender-pay equity and equal workplace and employment-related rights to all regardless of gender identity.

1c. Financing enterprises or organizations that are founded by, are majority (i.e. >50%) owned by or whose senior leadership (e.g., C-suite executives, key decision-makers, and/or heads of departments) have >30% women or gender minorities.

1d. Financing other ESG or SDG-aligned projects or initiatives that are intentionally designed to substantially and disproportionately have a positive net impact on women, girls, or gender minorities.

Description of overall alignment with Principle 1: The Portfolio Manager has designed gender action plans and included gender-specific impact covenants for all the underlying Borrowers in the WLB2 portfolio to ensure the use of proceeds intentionally and substantially benefit low-income, rural, or underserved women through their products, services, and supply chains. Products and services of these Borrowers are expected to impact the lives of 100,000+ direct women beneficiaries and 150,000+ indirect female beneficiaries in Cambodia, Indonesia, and Sri Lanka. The Portfolio Manager ensures: (i) not less than 70% of the clients of the qualifying Borrowers are underserved (low-income, rural) women; OR (ii) the clients of the qualifying Borrowers are organizations (e.g., microfinance institutions, farmer cooperatives, etc.) that have underserved women as majority of their clients; OR (iii) the qualifying Borrower ring-fences the loan to ensure proceeds impact majority women beneficiaries.

There are six underlying Borrowers in the WLB2 portfolio.

- Sub Principle 1a: Five of the six underlying Borrowers are aligned with Principle 1a. These five Borrowers provide underserved women with access to affordable microcredit and one of those five Borrowers also provide women with access to micro-savings and micro-insurance products.
- Sub Principle 1b: One of the underlying Borrower is aligned with Principle 1b as it provides women smallholder farmers with access to market by integrating them formally into climate-resilient agricultural supply chain.
- Sub Principle 1c: Three of the underlying Borrowers are aligned with Principle 1c with women comprising >30% of their senior leadership positions.

Projected Social Return of Investment (SROI) is ~US\$3 of social/environmental value for every US\$1 invested.

The WLB2 is strongly aligned with SDG 5 on gender equality, specifically with sub-target SDG 5.1: 'ending discrimination against women' and SDG 5.A: 'giving women the right to economic resources' in addition to empowering women and girls to collectively accelerate sub-targets related to ~12 other UN SDGs over the four year bond period.

Principle 2: Gender-Lens Capacity and Diversity in Leadership

2a. Over 30% of the leadership team (e.g., the Board, the officers, and/or the Investment Committee) are women and/or gender minorities.

2b. Over 30% of the team working on the core functions of the Orange Bond (e.g., structuring, due diligence, portfolio management, investor relations, and/or reporting) are women and/or gender minorities.

2c. The leadership team and/or team working on the core functions of the Orange Bond includes women and/or gender minorities from the same ethnicity as the target population in one or more regions where proceeds of the Orange Bonds will be allocated.

Description of overall alignment with Principle 2: The Portfolio Manager has gender-lens capacity within the organizations to integrate a gender-lens into the investment decision making process and to align with principles of diversity and inclusion to further strengthen the bond's gender-lens approach.

- The company is 50% women-owned.
- It has ~40% women in the Investment Committee.
- Over 70% of its staff are women working on the core functions of the Bond.
- It has 90% people of color working on the core functions of the Bond.

Core functions include structuring, investor relations, portfolio construction, monitoring, impact assessment, and reporting).

Principle 3 Transparency in the Investment Process and Reporting

3a. Transparency in Investment Process

Information provided for investors at the time of the issuance:

Framework on the intended impact.

Project evaluation and selection approach.

Management of proceeds approach (application of 'do no significant harm principle' to ensure a continued gender lens approach)

3b. Transparency in Impact Measurement

Conduct an annual confirmation of the impact (output, outcomes, impact) achieved by the bonds through interviews, surveys, or other means of collecting data directly from a sample size of the target population of the bond's proceeds (i.e., women, girls, gender minorities, or other individuals experiencing gender equality related outcomes or impact).

3c. Transparency in Reporting

During the life of the Orange Bonds, provide investors with annual reports on:

Gender-equality impact achieved using gender-disaggregated metrics (that is, metrics that are measured, tabulated, and presented separately by gender);

The substantial and intentional impact experienced by women, girls, and gender minorities as a result of the application of the Orange Bond's proceeds.

Description of overall alignment with Principle 3: IIX has a comprehensive impact measurement methodology that underpins all its impact measurement efforts. Its theory of change measures changes through each of the following stages – mission, input, activities, output, outcome, and impact. This allows IIX to assess feasibility as well as determine the actual change at the beneficiary level through measuring outcome and impact, not limiting it to the outputs only.

The Portfolio Manager takes a data-driven, bottom-up, and verifiable approach to ensure gender-transformative impact is adequately measured, managed, and magnified by adopting each of the following practices:

- **Transparency in investment process** – At the time of issuance in January 2020, the issuer provided investors with an upfront framework on the intended impact, the process for upfront (and if relevant, ongoing) project evaluation and selection, and a management of proceeds approach (including the application of 'do no significant harm principle') to ensure a continued gender-lens approach is adopted in line with Principles 1 and 2.
- **Transparency in impact measurement** – The issuer has conducted annual confirmation of impact using IIX Values™ and virtual in-depth interviews with women at the last mile.

IIX Values™ is a technology-powered, data-driven impact measurement tool designed to ensure end stakeholders have a voice and a value in the markets. Using mobile technology to send digital surveys to women even in remote locations supports scalable, cost-effective, and transparent data collection. This also improves IIX's ability to build a representative sample and increase the sample size, complementing IIX's field-based impact interviews. Impact confirmation via IIX Values™ ensures that outcome-related impact data in this report has been verified by the women themselves.

For the 2022 annual impact verification, IIX Values™ supported the ground-level confirmation of positive impact on the underserved women benefitting from the WLB2 proceeds. Following a random sampling methodology, 550 women were surveyed reflecting the characteristics of the broader WLB2 target population (i.e., in terms of income level, access to capital, geography, and demographic characteristics) and in terms of WLB2 portfolio weightage across countries and sectors. The impact confirmation results showed improvements across all key outcome areas for the majority of women interviewed. Among the women respondents,

- 72% mentioned experiencing improved access to finance
 - 90% mentioned having increased economic independence
 - 92% mentioned experiencing improved agency
 - 92% reported having increased climate adaptive capacity
 - 88% enjoyed increased access to skills training
 - 84% experienced improved community development
- **Transparency in reporting** – Since 2020, the issuer has provided investors with semi-annual and annual reports on gender-equality impact achieved using gender-disaggregated metrics and reporting substantial and intentional impact experienced by women, girls, and gender minorities.