Orange Bond Principles

External Review Form

September 2023

Introduction

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 Principles™, 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- External Review Form

Basic Information

Issuer Name: Enterprise Community Loan Fund

Issuance Name: Enterprise Community Impact Note

Independent External Review Provider's Name: Impact Investment Exchange, Pte., Ltd.

Form Completion Date: Dec 3, 2024

Review Overview

SCOPE OF REVIEW

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

- ✔ Principle 1 – Gender-Positive Capital Allocation
- ✔ Principle 2 – Gender Lens Capacity and Diversity in Leadership
- ✔ Principle 3 – Transparency in the Investment Process and Reporting

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

Impact Investment Exchange (IIX), a licensed Orange Bond Approved Verifier, verifies that the Enterprise Community Impact Note is consistent with the Orange Bond Principles™. IIX has conducted an assessment and concludes that the Impact Note aligns with the three principles: 1. Gender-Positive Capital Allocation; 2. Gender Lens Capacity and Diversity in Leadership; and 3. Transparency in the investment Process and Reporting. This external review form will subsequently be made available online on the Portfolio Manager's website (expected date xxx)

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.

Additional recommendations:

• **Priority areas:** Issuers are encouraged to focus on mobilizing capital to increase women's agency, endowments, and opportunities in areas that provide long-term benefits for individuals, communities, economies, and the planet. Examples of areas with high potential for long-term benefits include, among others: livelihood development and integration into the formal workforce (particularly in light of COVID--recovery efforts), education, climate action, water and sanitation, maternal health, sustainable agriculture, financial inclusion and literacy, and bridging the gender digital divide.

• **Flexibility:** Issuers can consider multiple ways to align with the gender-positive capital allocation requirements of Principle 1, including but not limited to (1) ring-fencing the majority (i.e. >50%) of the proceeds to support the development of gender-specific products, services, projects, etc.; (2) setting targets for the beneficiaries of the Orange Bond proceeds to exceed industry averages in sectors that are already gender- inclusive (e.g., sustainable agriculture, ready-made garments)4; and (3) where Orange Bond proceeds will be used to finance the activities of third parties, designing gender action plans in loan or other financing agreements to support entities to transition to meet specified gender-lens criteria over the life of the Orange Bond. Issuers are encouraged to describe these approaches, and how they align with Principle 1, in the upfront impact framework provided to investors pursuant to Principle 3.

• **Harmonization with other thematic bonds:** While the primary purpose of an Orange Bond is to advance gender equality, in many cases Orange Bond proceeds are expected to have additional co-benefits and positive impacts on climate action, social progress and sustainable development. As such, Orange Bonds can serve as a cross-cutting asset class that also qualifies as Green Bonds, Social Bonds, Sustainability Bonds, or Sustainability-Linked Bonds in line with the guidelines issued by the International Capital Markets Association (ICMA) for these other thematic asset classes.

Description of alignment with Principle 1:

Since 2021, the US$100 million Enterprise Community Impact Note channels debt capital raised through ongoing issuances to finance projects that serve economically marginalized populations. Proceeds are allocated to community-based, nonprofit, and mission-aligned for-profit borrowers across a portfolio that includes affordable housing, community facilities, and essential infrastructure. The issuer, Enterprise Community Loan Fund, employs clear gender-lens criteria, prioritizing support for women-owned and Black, Indigenous, and people of colour (BIPOC) -led developer companies, with a strong focus on empowering women, girls, and gender minorities. ECLF's general capital lending program supports its parent company, Enterprise Community Investment, ensuring a unified commitment across both programmatic and general capital initiatives to create inclusive, resilient housing and communities.

ECLF integrates environmental and social considerations into its Sustainability Bond Framework, aligning with its intersectional approach to gender equity. The framework guides the evaluation of eligible projects and borrowers, ensuring that proceeds are directed towards initiatives that address systemic inequities, such as gaps in housing, education, and healthcare. Specific emphasis is placed on socio-economic opportunities for BIPOC communities, minority groups, and women-led households.

ECLF's framework identifies and supports impacted populations, including women, girls, and gender minorities; individuals living below the poverty line; underserved communities and minority groups; Migrants, displaced individuals, and aging populations; those experiencing exclusion, marginalization, or systemic barriers to essential services. The issuer commits to allocate net proceeds raised from the Impact Note towards eligible social projects across sectors such as Affordable Housing, and access to essentials services such as Education, healthcare, community service facilities, employment generated from commercial properties developed, and affordable green infrastructure. The use of proceeds demonstrates strong alignment to sustainable development indicators, social goals, and overall sustainability strategy of ECLF.

The following analytical considerations show details of alignment with Principle 1a. and Principle 1c.

71% of the eligible categories of use of proceeds are targeted towards Affordable Housing and towards supporting infrastructure development, preservation or rehabilitation range of essential services across education, healthcare, community facilities, transit-oriented development, and green infrastructure enhancement, towards the larger socio-economic development and gender inclusivity of women, girls and gender minorities in the last-mile. The project categories are in alignment with ECLF's Sustainability Bond Framework.

Affordable Housing:

ECLF adheres to industry best practices by providing financing for the predevelopment, acquisition, construction, rehabilitation, and preservation of designated affordable housing projects. Affordable housing is defined in accordance with established standards, where rent does not exceed 30% of income for households earning ≤ 80% of the Area Median Income (AMI). This benchmark, widely recognized and utilized by the U.S. Department of Housing and Urban Development (HUD), serves as a critical metric for determining eligibility for affordable housing in the United States.

By incorporating AMI as a core criterion, ECLF ensures transparency and alignment with industry norms for identifying low-income populations. This approach reinforces the responsible use of proceeds, ensuring they are deployed in line with investment mandates and the defined eligibility criteria, while maintaining accountability and adherence to established frameworks for affordable housing finance.

Access to Essential Services

The Impact Note finances community-led public infrastructure projects for schools, healthcare facilities, community centers, food outlets, and green infrastructure installations. 10% of the use of proceeds are aligned to commercial infrastructure development, 6% to mixed use facilities, 5% to education and daycare, and 2% to healthcare.

By supporting the predevelopment, acquisition, and construction of these assets, ECLF enhances equitable access to essential services, particularly for women, girls, and gender minorities from intersectional backgrounds.

Achievements and Scale

The Impact Note till date has a **cumulative impact** of:

Facilitated **145,359 affordable homes**, directly benefiting underserved families.

Supported **591,200 healthcare visits**, improving community health outcomes.

Created **17,260 school seats**, expanding educational access for underserved children, especially girls.

Developed **6.8 million square feet of community and commercial space**, fostering local economic resilience.

ECLF's strong commitment to the Orange Bond Principles, particularly Principle 1a, underscores its leadership in advancing gender-lens investments to create products and services that are deeply impactful for women, girls, and gender minorities. This is evident in its portfolio, where **71%** of the capital raised is allocated to the **housing sector**. Of the 3,850 homes created, **2,833** or **73.6%** are occupied by **women-led households** in racially diverse, low-income communities. These investments directly address gender disparities in housing access, empowering underserved women to achieve homeownership, build financial resilience, and break the cycles of poverty at the household level. The 2023 SROI Report further highlights ECLF's impact, demonstrating the tangible benefits these housing solutions provide to women-led households. Furthermore, proceeds from the Impact Note are directed towards preserving and developing Charter Schools, providing equitable access to education for children from intersectional community families. In 2023, the Impact Note helped create **92%** of school enrollment seats for **children from intersectional backgrounds**. While the issuer tracks the uptake of these school seats by girls from these backgrounds, this specific figure has not yet been disclosed in the Impact Reports.

This approach aligns with key donor priorities by addressing pressing issues such as gender equity, economic empowerment, and climate resilience. Furthermore, it fosters peaceful, integrated communities by prioritizing inclusion, social cohesion, and local economic resilience. For donors seeking to create lasting, measurable change in economically disadvantaged communities, ECLF Impact Note demonstrates material sustainability and showcases strong alignment with Principle 1 a, in that it showcases a powerful and multi-faceted approach, true to the impact wielded by Orange Bonds across positive peace, climate action, and economic growth.

Description of borrower companies:

As the demand for inclusive, affordable housing grows, ECLF recognizes the unique challenges faced by women and marginalized groups in the real estate sector. BIPOC women and gender minorities are particularly underrepresented, limiting their access to opportunities. Industry data in the real estate market consistently shows that Hispanic (0.067%) and Black (0.40%) developers own only a small fraction of real estate development companies compared to their white counterparts.

The lack of diversity contributes to the affordable housing crisis, especially for underserved communities, despite long-standing research indicating that minority developers are best positioned to understand their community's needs and offer inclusive housing and community solutions. This disparity is further amplified by systemic barriers, including limited access to capital, affordability challenges, and a lack of funding sources for BIPOC entrepreneurs seeking to scale their businesses. Cities like Dallas, Miami, Seattle, Washington D.C., and Boston exemplify this challenge, with Hispanic and Black developers owning a minimal fraction of real estate development companies. Systemic barriers, including limited access to capital and funding, further hinder BIPOC entrepreneurs.

ECLF surpasses industry benchmarks by prioritizing investments in racially and gender-diverse developers. In **2023**, ECLF closed **39% of loans with BIPOC developers** out of which **15%** of the loans were closed with **women BIPOC developers**. Moreover, **24%** of developers in the 2023 loan portfolio had **24% majority BIPOC representation on their boards**, demonstrating the Note's strong commitment to inclusive leadership.

ECLF's Impact Note upholds Orange Bond Principle 1c, demonstrating a robust commitment to investing in women and minority group-led community and mission-aligned development businesses that are in turn driving positive, tangible change for women, gender minorities and intersectional groups in the last-mile. As a result, ECLF's investments not only create affordable housing but also generate economic opportunities, job creation, increased wages, and greater economic activity in historically disadvantaged communities.

Of the total loan portfolio of **$338 million** as of 2023, **71%** has been allocated to **housing**, while **10%** has been directed towards **commercial properties**, **6%** to **mixed-use developments**, **6%** to **community facilities**, **5%** to **education and daycare**, and **2%** to **healthcare facilities**. The Impact Note is strategically designed to deliver multifaceted benefits, enhancing the economic well-being of low-income households in communities with active loan investments across all 50 states in the U.S, aligning well with the expected cross-cutting focus of transactions that qualify as an Orange Bond.

A significant portion of these investments has focused on housing, with 3,850 affordable housing units created for sale. Of these, 73% (or 2,810 units) are occupied by women-led households, substantially impacting women in racially diverse, low-income communities and fostering long-term economic stability.

The primary benefits include increased homeownership among women, which improves household well-being, enhances educational and healthcare outcomes, and contributes to greater social stability. These factors are essential for advancing women's peace and security agendas, ultimately strengthening the social fabric of communities.

Secondary benefits include the provision of housing for the homeless, which promotes social peace and justice, ensuring the safety of women, girls, and intersectional communities. Stable housing enables formerly homeless individuals to regain economic stability, with many progressing towards homeownership or leasing homes for themselves. The creation of daycare facilities also supports women's continued participation in the workforce, while equitable access to healthcare and essential services improves life expectancy for elderly women and people with disabilities—groups often facing challenges accessing affordable healthcare and housing tailored to their needs.

The tertiary benefits of these investments include broader social improvements, such as the creation of a more stable and secure environment that drives long-term community growth and reduces systemic inequalities, contributing to greater overall social justice.

In the area of education, the development and preservation of community-led charter schools has resulted in **1,060** enrollment seats, with **91% occupied by children of color**. These schools have contributed to improved educational outcomes, higher attendance, and lower dropout rates for low-income students, who are often disproportionately affected by educational inequities.

Healthcare initiatives have also made a notable impact, with **15,200 annual patient visits** to healthcare facilities, including assisted living for seniors and behavioral health centers, which provide critical care to low-income individuals facing transportation, insurance, or income limitations.

In terms of economic development, **11,758 jobs were created** and retained through employment generated from the commercial properties developed by mission-aligned developer partners. Additionally, a range of community services—including job training, financial coaching, mental health support, and counseling for issues such as substance abuse and domestic violence—directly benefits low- to moderate-income individuals and families, strengthening the broader social infrastructure and fostering long-term economic stability.

ECLF has also prioritized green and sustainable development, with **2,585 affordable housing units** enhanced with international **green certifications** such as **LEED, NABH, Build It Green, Passive House, and Energy Star**. In line with the goal of promoting energy equity, affordable community solar panels were installed, providing marginalized communities with greater access to clean energy.

Finally, the **Transit-Oriented Development (TOD) initiatives** have created **1,213 affordable rental** and housing units across **16 TOD projects**. These projects not only improve homeownership opportunities but also have positive environmental effects, including reduced carbon emissions, improved transportation efficiency, and a more sustainable and accessible living environment for low-income households.

ECLF's Impact Note continues to deliver significant social and economic value, improving the lives of women, girls, and marginalized communities while addressing critical issues such as affordable housing, education, healthcare, and environmental sustainability.

Harmonization with other thematic bonds

The issuer's **Sustainability Bond Framework** is a robust, mission-driven tool fully aligned with the four core components of the **International Capital Market Association (ICMA) guidelines for Social, Green, and Sustainability Bonds**. Proceeds from the issuance are dedicated to funding impactful social inclusion and green infrastructure projects, reflecting the issuer's strong commitment to sustainability and equity. This opinion finds the stated objectives to be in strong coherence with the sustainability goals outlined in international industry standard guidelines, further demonstrating the issuer's alignment with global best practices in sustainable finance.

The 2023 Social Return on Investment (SROI) report underscores the layered impact of ECLF's investments, providing a clear identification and measurement of socio-economic benefits at both the portfolio level and the last mile, spanning critical areas such as affordable housing, access to education, healthcare, community facilities, employment generation, and green infrastructure. The report employs achievable and measurable metrics and indicators, rigorously aligned with international reporting standards such as IRIS+, and adheres to federal CDFI guidelines. Additionally, it aligns with best practices observed among peer organizations and integrates the AERIS Community Impact Investing metric set, ensuring a comprehensive and credible assessment of impact, ensuring transparency in impact measurement. Regular impact reporting highlights measurable contributions to several Sustainable Development Goals (SDGs), showcasing the tangible outcomes of investments.

Advancing Key SDGs with a Focus on Underserved Communities

This Impact Note prioritizes addressing systemic inequities and fostering inclusive growth. Key targeted outcomes include:
SDG 5: Gender Equality
SDG 8: Decent Work and Economic Growth
SDG 10: Reduced Inequalities
Specifically, the issuer collaborates with underserved women and BIPOC community developer partners, supports women as last-mile homeowners, promotes education for girls from underserved households, and addresses the needs of the geriatric female population. These efforts drive primary outcomes such as enhanced income generation, improved financial resilience, greater productivity, asset ownership, and climate action.
Through its multi-dimensional approach, the Impact Note contributes to:
SDG 1: No Poverty
SDG 2: Zero Hunger
SDG 3: Good Health and Well-Being
SDG 4: Quality Education
SDG 7: Affordable and Clean Energy
SDG 9: Industry, Innovation, and Infrastructure
SDG 11: Sustainable Cities and Communities
SDG 13: Climate Action
Indirectly, these initiatives positively influence families, communities, and broader systems, aligning with SDG 16: Peace, Justice, and Strong Institutions.
This Impact Note stands out for its unique intersection of real estate development with a strong gender and community lens. In line with the Orange Bond Principles, the issuer is advancing racially diverse, gender-focused investments in the U.S., setting a benchmark for innovation and inclusion in sustainable finance. This commitment aligns with SDG 17: Partnership for the Goals, highlighting the issuer's role as a catalyst for collaborative action and systemic change.
This Impact Note delivers measurable financial returns while creating meaningful, scalable impact for underserved populations, both across the portfolio and at the last mile. By championing equity, sustainability, and systemic change, the Note is uniquely positioned to foster greater gender equity and diversity in the U.S. housing market. Aligned with the Orange Bond Principle 1, it exemplifies the true spirit of gender-diverse investing, making it a compelling opportunity for mission-aligned investors seeking transparent, transformative, and scalable investments.

Do no harm approach

The ECLF Impact Note adheres to a robust do-no-harm approach, ensuring that proceeds directed to its developer partners avoid negative externalities while maximizing positive social and environmental outcomes. The issuer's Sustainability Bond Framework aligned with ICMA's Green, Social, and Sustainability Bond guidelines outlines clear eligibility and exclusionary criteria across its diverse portfolio, including residential housing, mixed-use properties, healthcare and educational facilities, and green infrastructure projects. Exclusions include market-rate housing developments that fail to meet affordability criteria, speculative real estate transactions, land banking, and projects that risk displacement of low-income residents without relocation plans. These guidelines ensure alignment with ECLF's sustainability mission to address systemic inequities while prioritizing the well-being of underserved communities.

To mitigate risks associated with negative externalities at the last mile, ECLF integrates environmental and social considerations into its investment decision-making processes. This includes identifying and addressing potential social risks, such as evaluating whether borrowers have appropriately assessed the site's infrastructure, including access to essential services like police and fire services, retail and food stores, churches, parks, public transportation, and medical facilities, and also ensure the proceeds towards community service facilities are adhering to New Market Tax Credit (NMTC) guidelines to ensure the funds are not channelled towards speculative activities(e.g. residential rental property where minimal improvements are made, golf courses, race tracks, gambling facilities, certain farming businesses, and liquor stores).

The target population for affordable housing and definition of low-income households is used by the Area Mean Income metric: Affordable housing projects will include projects that develop, rehabilitate, and preserve housing designated as affordable, including multifamily-related loans where ≥ 50% of owners/tenants have incomes that are ≤ 80% of the area median income or are in low-income and/or underserved communities. This opinion reinforces that ECLF's use of area median income (AMI), a metric the U.S. Department of Housing and Urban Development (HUD) utilizes, is a best practice when defining low-income target populations. The target population is well-defined, and the groups selected are restricted to families with the AMI requirements or who are in low-income and/or underserved communities.

For environmentally beneficial projects to deliver clear, measurable impact at the community level, the exclusionary criteria for Affordable Green Infrastructure projects ensure that mission-aligned developer partners demonstrate a direct and intentional community-level application of the benefits. This approach prioritizes projects that foster equitable access to green infrastructure, ensuring that environmental advantages, such as energy efficiency and renewable energy technologies, are not only implemented but also meaningfully improve the quality of life for underserved populations.
With a proven track record in delivering affordable multifamily housing, ECLF employs robust policies, procedures, and programs to identify, manage, and mitigate both perceived and actual social risks associated with eligible projects.

This Second Party Opinion affirms that these practices are material and aligned with market best practices. By integrating this approach into its investment due diligence process, ECLF ensures that material risks are proactively addressed and mitigated effectively.

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.

Additional recommendations/commentary:

- Issuers are encouraged to disclose their sustainability, human rights, and gender-inclusive policies that guide their approach to investment decision-making.
- Although the Initiative encourages diversity and gender equity across all ecosystem actors, the Principles do not place any gender or diversity targets, caps or floors on the leadership teams of other implementation partners of the Orange Bonds – e.g. investment banks, law firms, audit firms and accounting firms – that the issuer engages.

Description of alignment with Principle 2:

After reviewing the issuer's organizational structure, equity, diversity, and inclusion policies, and supplier diversity practices, IIX finds strong alignment with Principle 2, as evidenced by the following analytical considerations:

Principle 2a:

Upon review of the issuer's organizational chart and internal policies- the issuer's commitment to gender and racial equity within its leadership is very evident and pronounced. Out of a **total** of **89 employees**, the Board composition ensures gender representation is well complimented with racial diversity, with **86% women in board-level roles, with 29% of persons having Black/African American representation**.

Principle 2b and c:

The issuer's commitment to diversity extends to investment decision-making with **50% of women occupy senior management role**s, the issuer actively fosters racial diversity with **25% Black/African American representation** in these key senior management roles.

Additional considerations:

1. Gender diversity observed in organizational hiring and learning and development strategies
The issuer also implements comprehensive diversity, equity, and inclusion (EDI) policies, which extend to recruiting efforts for gender minorities, including LGBTQIA+ groups, as well as individuals from various racial and ethnic backgrounds. The company tracks and reports on disability inclusion and promotes diversity through hiring practices targeting underrepresented groups.
The recruitment strategy includes advertising jobs on external platforms that specifically attract diverse talent. This includes posting on sites like LinkedIn, Indeed, and those targeting diverse groups, such as Historically Black Colleges & Universities (HBCUs), Hispanic-Serving Institutions (HSIs), and Tribal Colleges and Universities.

The issuer ECLF is also committed to inclusive learning and development programs aimed at diversifying leadership in the real estate market in the US and creating a pipeline of diverse talent. Initiatives such as the Real Estate Analyst Training (REAT) Program, recruit young professionals with focused training on community development finance and real estate underwriting.

2. Supplier diversity observed in operations

In alignment with its diversity objectives, the issuer also integrates racial equity criteria into its procurement and supplier selection processes. As part of its three-year DEI strategic plan, the issuer has engaged a consultant to assess the current state of equity within the organization and has created KPIs to measure progress on diversity, equity, and inclusion.

To foster supplier diversity, the issuer emphasizes engaging Small Businesses, Minority-Owned Business Enterprises (MBEs), and Women-Owned Business Enterprises (WBEs) in its corporate and community development activities. The procurement process is being continuously refined to increase the share of BIPOC service vendors in its supply chain, with quarterly reviews of progress by the Operating Committee and Board.

A strong gender lens in investment decision-making reinforces the positive impact on BIPOC women, and their communities in the last mile, by ensuring their needs are prioritized in the development and financing of affordable housing and allied community infrastructure. By operationalizing gender-lens investment and adopting an intersectional approach across its policies, recruitment, and supplier diversity efforts, the issuer demonstrates outstanding against Principle 2.

Principle 3 Transparency in the Investment Process and Reporting

✔3a. Transparency in Investment Process

Information provided for investors at the *time of the issuance*:

To ensure a continued gender-lens approach is adopted in line with Principles 1 and 2, providing investors with an upfront framework *at the time of the issuance* of the Orange Bonds on:

1. The intended impact of the Orange Bonds
2. The process through which the projects, enterprises or other objectives for which the Orange Bond proceeds will be used were or will be selected, including how they were or will be evaluated for consistency with the Principles; and
3. How the use of proceeds of the Orange Bonds will be monitored over the life of the bonds for consistency with Principle 1, as well as the "do no significant harm" principle.

Specific Information provided for investors *at the time of the issuance* should include the following:

- 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.

Additional recommendations/commentary:

- Issuers are encouraged to provide investors and other partners with an external review (e.g. a second party opinion) on compliance of the Orange Bond with the Orange Bond Principles™, particularly with Principle 3b
- Issuers are encouraged to report on alignment with other industry standards (e.g., ICMA Social/Green Bond Principles) or sector-specific standards (e.g., Client Protection Principles for Microfinance, Fair Trade Certification) that are relevant for sustainable debt transactions such as the Orange Bonds
- Issuers are encouraged to report on co-benefits of the Orange Bonds to the environment, human and State-level security, and the broader community as a ripple effect of advancing gender equality, if and when relevant and feasible.

Description of alignment with Principle 3:

Sub-Principle 3a. Transparency in the Investment Process

The Impact Framework adopted by ECLF is disclosed in the annually published **Enterprise Social Return on Investment Report** showcases the Impact Framework aligned with ECLF's Sustainability Bond Framework, which discloses impact indicators derived from with IRIS+ metrics, maps each metric with SDGs. The report details the impact of proceeds across six key project areas: housing, commercial, mixed-use, community facilities, education and daycare, and healthcare.

ECLF's impact reporting deploys gender-lens outputs and outcome metrics aligned with **global impact reporting standards** such as the **Aeris's Community Investing Impact Metric Set, the Global Impact Investing Network (GIIN) IRIS + system, the CDFI Fund and other federal regulators**, and best practices followed by peer institutions focused on empowering community-oriented infrastructure.

ECLF's offering documents clearly outline the intended use of proceeds and anticipated impact **at both portfolio and borrower levels**. The focus is on lending to BIPOC-led and mission-aligned non-profit real estate developers to improve access to affordable housing and community infrastructure. Annual impact reports are shared with investors to ensure transparency and accountability.

Project Evaluation and Selection

ECLF employs rigorous underwriting guidelines to select mission-focused, financially sound developers. Projects must align with at least one of three strategic categories:

1. Creating, preserving, and improving affordable housing.
2. Enhancing public and private sector capacity to address housing insecurity.
3. Connecting low-income families to essential services.

ECLF's evaluation process considers various factors, including organizational health, project pipeline, climate risk mitigation, and local alignment. This comprehensive approach ensures the sustainability of impact and aligns with community-based solutions for housing, education, healthcare, and green infrastructure.

By collaborating closely with local stakeholders and businesses, ECLF adopts a localized approach to understanding community needs to tailoring financing solutions. ECLF's financing products are strategically targeted to specific markets: Northern and Southern California, the Midwest (Chicago, Detroit, and Ohio), New York, the Rocky Mountains, the Gulf Coast, the Pacific Northwest, the Southeast, and the Mid-Atlantic. In these regions, ECLF has cultivated strong partnerships with community leaders, local governments, philanthropists, and affordable housing developers to leverage local resources and advance its broader mission.

To ensure the sustainable impact of its investments, ECLF conducts thorough reviews of financial track records, and environmental site assessments, and incorporates energy-efficient and green building measures into its projects.

Management of Proceeds

Proceeds are held in a dedicated account and allocated to eligible projects as outlined in the Framework. A portion may be invested to support lending activities, adhering to ECLF's Investment Policy. Robust policies are in place to manage interest rate, liquidity, debt, and asset risks.

Loan Monitoring

ECLF's loan monitoring process categorizes loans into **three tiers**: **Performing, Monitored, and Impaired**. This risk-based approach enables early identification of potential issues and targeted resource allocation to mitigate risks and prevent loan deterioration.

Sub-Principle 3b. Transparency in Impact Measurement

For the Orange Bond SPO, ECLF demonstrated exceptional transparency and cooperation in selecting a **sample of 19 women-led BIPOC developer partners** who successfully closed loans in 2023. Through the IIX Values platform, impact confirmation surveys were sent to these partners to assess their impact on last-mile populations. The Verifier, IIX, made significant efforts to gather responses from **190 women** in the last mile positively benefitted by the Orange Bonds proceeds in varying capacities- as household residents, hospital patients, and girl students, to measure improvements in satisfaction, well-being, and overall quality of life. These findings highlight the multi-dimensional impact of financially empowering mission-aligned women-led developers representing diverse ethnicities.

Sub-Principle 3c. Transparency in Reporting

In its annual Enterprise Social Return on Investment Report, ECLF deploys a **clear gender lens** in its reporting and assessment captured across the following avenues:

1) Reporting on impact indicators across all projects and on a portfolio level.
2) Analysis performed on a specific portfolio sub-set or a specific initiative to understand impacts that may go beyond portfolio-wide indicators.

3) Impact Evaluations performed on specific projects to understand the long-term impact on individuals and their community.

The annual Impact Report, published by the parent company, Enterprise Community Partners, highlights both anecdotal and quantitative impacts across all financial product offerings across fixed income, tax credits and equity. This impact findings in the report align with ECLF's Sustainability Bond Framework.

At the portfolio level ECLF uses the following gender-disaggregated metrics to gauge the impact wielded on supporting women-led BIPOC developer partners through the Impact note's proceeds:

Social Project category	**Affordable Housing:** % of beneficiaries/target population that are low-income, female-headed households (created units)	IRIS+ PD5752 Describes the demographic groups of stakeholders targeted by the organization
Access to Essential services	**Education:** **% of students of colour** **% of students identifying as girls**	IRIS+ PI7774 IRIS+ PI081

ECLF annually collects data from developer partners to **assess the gender and intersectional impact** of the Note, with a focus on empowering BIPOC and women-led developers who may otherwise face race or gender-based discrimination in access to affordable sources of funding for community-development solutions. This includes **gathering information on the gender and sexual orientation diversity of top management to gauge LGBTQIA+ inclusion, as well as the racial and ethnic diversity of company boards and top management teams**.

The insights gained from this survey are captured in a clear and well defined manner in the annual SROI report publication as stated below.

Systems Impact inidcator	**IRIS+ indicator**
# and % of Loans closed with women-led developers	IRIS+ OI0667 (This metric describes the demographic groups in leadership of the organization, or disaggregates another metric in terms of one or more demographic groups in leadership. Particular thresholds apply to consider an organization "led" by members of a demographic group; which could be assessed by gender, race and ethnicity, and disability status)

$ and % of Capital invested through women-led developers	IRIS + II6610 (This metric gauges the value of the investing organization's assets under management deployed to communities that are predominantly populated by groups historically marginalized due to race and/or ethnicity as of the end of the reporting period)
# and % of Loans closed through BIPOC-led developers	IRIS+ OI0667
$ and % Capital invested through BIPOC-led developers	IRIS + II6610
Majority BIPOC Board	IRIS+ OI0667

Recommendation: To enhance the depth and robustness of gender-oriented systems-level impact reporting, we recommend that the issuer capture impact at a more granular level. This includes quantifying secondary and tertiary impacts through baseline, midline, and endline assessments of household asset creation, nutritional diversity for girls, employment generation and retention rates for women in low-income households. By focusing on community and local economy-level impacts, the issuer can better highlight the direct impact of building a more racially diverse and gender-equal real estate market, which is best positioned to address the unique and hyperlocal needs of their respective communities.