

*Disclosure Statement on  
Alignment with the Operating  
Principles for Impact  
Management*

2025



## **Affirmation**

Rally Assets (the "Signatory") hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the "Impact Principles"). This Disclosure Statement<sup>1</sup> applies to all private and public assets under management (the "Covered Assets"). The total Covered Assets in alignment with the Impact Principles is ~400M CAD (~283M USD) as of November 1, 2025.



Kelly Gauthier  
President,  
Rally Assets  
November 2025

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## About Us

Rally Assets Inc. is an impact investment management firm. We help investors generate positive social and environmental impact alongside a financial return. We create impact funds and custom portfolios to enable foundations, other institutional investors, family offices and individual accredited investors to invest in alignment with their values. Through our subsidiary Realize Capital Partners (RCP), we are a fund-of-funds manager for the Government of Canada's Social Finance Fund (SFF).

## 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.*

### Fund-of-Funds Model and Client-Driven Design

We are primarily an investor in third-party funds. We have been a signatory to the UN-sponsored Principles of Responsible Investment since 2021 and a 2X Global member since 2024. Rather than allocating capital directly to companies or projects, we invest capital from public and private investors into both public and private fund managers, with some direct holdings. The [Rally Inclusive Impact Methodology](#) (RIIM) is applied consistently across asset classes.

Each investment mandate begins with an Investment Policy Statement (IPS) developed with a client that integrates impact and financial objectives. Each IPS establishes impact goals, SDG contribution goals, thematic priorities and a population lens alongside financial portfolio parameters. The IPS drives portfolio construction, manager selection and monitoring. This design ensures client impact objectives and investment strategies are aligned and credible across all mandates.

### Rally-Managed Funds

In addition to serving client mandates, we manage a suite of our own impact funds. These funds reflect our internal commitment to applying our own frameworks to managed capital, ensuring alignment between client mandates and firm-managed portfolios. Among them is Rally Total Impact Fund (RTIF), a diversified impact portfolio across public and private asset classes, and Realize Fund I, a closed-ended private market fund-of-funds that invests in Canada to support the strengthening of the domestic impact investing sector while generating positive measurable impacts across the SDGs.

Realize Fund I has an explicit theory of change and target outcomes (see below); RTIF invests in alignment with the four following themes:

- Addressing Climate Change
- Advancing Social Equity
- Preserving and Restoring Natural Capital
- Sustainably Meeting Basic Needs

Each of these themes for RTIF have [associated target outcomes and a target impact](#).

### **Firm-Level Theory of Change and Target Outcome Areas**

Our work is grounded in a [firm-wide theory of change](#) that reflects our belief that when invested intentionally, capital can create positive impact alongside financial returns, which facilitates a more sustainable society with greater prosperity and justice for all. Our theory of change is rooted in the belief that:

- If we activate capital to support initiatives aligned with justice and with achieving the United Nations' Sustainable Development Goals (SDGs)
- Then, in addition to the positive impact our capital has, we will have signalled to the markets that impact matters. This will incentivize companies in the wider investment world to operate in an SDG-aligned manner and will compel investors to value social and environmental factors
- Which will lead to more equitable and sustainable distribution of capital, bringing greater prosperity and justice for all.

We activate capital by demonstrating the value of impact investing by making it easier for investors to participate. We do this by:

- Creating impact investing solutions and portfolios
- Measuring and reporting on impact with transparency and rigour
- Supporting new, innovative and diverse fund managers
- Educating and influencing asset owners to consider the broader effects of their capital

We measure progress toward achieving our theory of change through three-firm level outcome areas, defined in 2024, which serve as strategic anchors across all mandates:

- Direct more capital towards impact investing - increasing the flow of capital into impact-oriented products and intermediaries
- Drive better impact outcomes within the current system - improving the quality, consistency and measurability of impact performance across investments
- Change the system to deliver better impact outcomes - influencing financial markets and investment norms to value impact alongside financial return

### **RCP Theory of Change**

We apply a [dedicated theory of change](#) as part of our mandate under the SFF. The theory of change articulates how deploying catalytic capital to social finance intermediaries contributes to three pathways of systemic change:

- Attracting additional investment into the social finance market through impact investment leadership and the development of a robust track-record
- Expanding access to capital for underserved and equity-deserving communities
- Strengthening the capacity and resilience of social finance intermediaries through market infrastructure, governance, impact measurement and management (IMM) systems and technical assistance

These outcomes are targeted to drive inclusive and sustainable social and economic development. The RCP theory of change complements our broader impact areas by focusing explicitly on ecosystem-building and equity-focused capital deployment.

## **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.*

### **Multi-Asset Class Integration**

We manage impact across our portfolios through a unified IMM system that operates across asset classes. The firm uses the RIIM framework to ensure consistency in measurement and management, integrating impact data at both product and portfolio levels.

As disclosed in Principle 1, investments across RTIF are organized under four themes that guide analysis, portfolio construction and performance monitoring:

- Addressing Climate Change
- Advancing Social Equity
- Preserving and Restoring Natural Capital
- Sustainably Meeting Basic Needs

### **Monitoring at the Product and Portfolio Levels**

Our approach encompasses monitoring at both the individual product level and the aggregate portfolio level. Each fund or mandate is tracked against RIIM components, while portfolio-wide analyses assess performance and alignment with our firm-level outcomes or the client IPS. This dual-layer approach enables both granular and systemic insight.

### **Impact KPIs and the Common Framework**

We use a collection of Impact KPIs to measure, monitor and manage impact throughout the investment cycle. These KPIs are harmonized using the [Common Framework](#), which allows us to aggregate data across asset classes, improve comparability and strengthen decision-making. This standardized approach ensures that impact performance is managed consistently across portfolios.

### **Integration of the RCP Theory of Change**

For RCP, the same framework applies; however, it includes an additional layer of indicators specific to our theory of change, which track systemic ecosystem outcomes (i.e. RCP's investor contribution) alongside financial performance. This ensures coherence between RCP's catalytic role and Rally's broader impact objectives.

### **Leadership through Impact Reporting**

Our impact management system supports both accountability and forward-looking strategy. The firm was among the early adopters of the Impact Performance Reporting Norms and continues to advance towards full alignment. Alignment with the Impact Performance Reporting Norms ensures faithful representation; that our impact reports are complete, neutral and accurate. We produce aggregate portfolio-level Impact KPIs, augmented with transparent disclosures on our methodology to enhance the decision-usefulness of our reporting.

### **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.*

#### **Application of the Investor Contribution 2.0 Framework**

Our approach to investor contribution is guided by Impact Frontiers' [Investor Contribution 2.0 framework](#), which helps articulate how investors add value beyond capital allocation. In line with this framework, our contribution is understood across three interconnected channels:

- Capital allocation choices – directing funds into asset classes, sectors and themes where additional capital is needed, such as underserved geographies, underrepresented groups and emerging managers
- Capital structuring and mobilization – designing fund and product structures that intentionally unlock or attract additional capital that would otherwise not be deployed toward impact. This includes blending capital, establishing catalytic vehicles and demonstrating models that lower perceived risks around impact investing
- Engagement and influence – leveraging partnerships and working directly with fund managers, where feasible, to strengthen IMM practices, governance and transparency.
- Market-building – supporting sector development through participation in industry forums, contributions to shared impact measurement standards and strengthening Canada's social finance infrastructure

These activities directly support our targeted outcome areas: mobilizing more capital towards impact, improving outcomes within the existing system and changing the system for better impact outcomes.

#### **Contribution Across Asset Classes**

Across all asset classes, we identify opportunities to contribute meaningfully to impact through our due diligence processes. During diligence, we explicitly ask questions to assess where our involvement could enhance outcomes – such as by improving a manager's IMM systems, supporting governance maturity or strengthening stakeholder accountability. We also perform counterfactual analyses to evaluate whether our investment and engagement would likely generate incremental impact compared to what would occur otherwise. This systematic assessment ensures that contribution is intentional, evidence-based and measurable.

RCP builds upon Rally's private investment processes by extending contribution into wider sector development. Under our SFF mandate, RCP's contributions through [Realize Fund I](#) include providing catalytic capital to social finance intermediaries, convening diverse advisory committees, delivering technical assistance and enabling shared impact measurement initiatives, reinforcing Rally's system-level outcome objectives.

## **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.*

### **Impact Across the Investment Lifecycle**

We integrate the assessment of expected impact throughout the full investment lifecycle – from pipeline to due diligence and investment memos, to monitoring and reporting– ensuring impact objectives are consistently evaluated alongside financial return potential. This system applies across public and private products with methodologies adapted to each asset class but anchored in the Five Dimensions of Impact: What, Who, How Much, Contribution and Risk.

### **Pipeline Screening**

At the pipeline stage, Rally conducts an initial, right-sized impact assessment designed to quickly evaluate thematic alignment, stakeholder relevance, SDG contribution, ESG factors and fit with target outcome areas. This preliminary review identifies high-potential opportunities and screens out those that are unlikely to meet our impact or systemic objectives, or thematic priorities established in clients' IPSes. The assessment at this stage is intentionally proportionate, providing an early evaluation on impact intent and feasibility before full due diligence is initiated.

### **Due Diligence and IMM Scoring**

During due diligence, we apply a structured and comprehensive process to assess expected impact and identify potential impact risks. This process includes the following components:

- **IMM Scoring:** Evaluates the strength of impact potential using RIIM and scoring approach aligned with the Five Dimensions of Impact, including the nine categories of impact risk. This scoring ensures a balanced consideration of both potential positive outcomes and risks
- **Due Diligence Questionnaires:** Collects structured information on ESG and impact practices, social equity, diversity and impact management systems. These questionnaires inform risk mitigation and engagement priorities
- **Operations Assessment:** Evaluates the fund manager's or investee's systems and practices across key dimensions: IMM systems and governance, diversity and representation, positive employment and equality practices, environmental and social considerations, Indigenous reconciliation and social equity in investment decision-making
- **Outcomes Assessment:** Complements the operational analysis by focusing on the intended social and environmental results of an investment. Each investment defines one or more core outcome, supported by quantitative metrics (that may include baselines and targets) to measure change over time; identification of key stakeholders (e.g., women, Indigenous Peoples, racialized communities, 2SLGBTQIA+ individuals, newcomers and people with disabilities); and mapping to relevant SDGs and SDG targets. The outcomes assessment establishes target outcomes for each investment that serve as a reference point for future monitoring and reporting

- **Likelihood of Achieving Outcomes:** Cross-analyses evidence from IMM scoring, operations and outcomes assessments to determine whether proposed outcomes are realistic and achievable given the organization's capacity and context. This ensures alignment between ambition, resources and expected results

### **Metric Selection**

For each product, we meticulously review metrics regarding outputs and activities that have been chosen by companies or product issuers and find one or more directly and meaningfully connected to the impact thesis that we can track year over year. We assess whether these metrics, both IRIS+ aligned and bespoke indicators, lead to the outcomes and impacts our investments are targeting, including through the use of third-party evidence. We don't dictate metrics to a private product issuer as a condition of investment and don't have the power to do so with a publicly traded company. We support the autonomy of companies and product issuers to use data that is meaningful to their work, avoiding the pitfalls of conforming to generic metrics imposed by investors. After selecting metrics, we review them for relevance and quality, before linking them to Impact Key Performance Indicators (KPIs) we've carefully crafted. In our approach, we analyze metrics from multiple companies that are conceptually measuring the same output, outcomes or impacts. The Impact KPIs provide the firm-wide structure and boundaries for aggregation, comparability and portfolio level insights.

### **Gender and Social Equity**

Across all private mandates, we incorporate gender and social equity considerations into both diligence and monitoring. We evaluate whether investees have policies and practices that advance gender equity, inclusive leadership via mechanisms like the 50-30 challenge and the Government of Canada's [Social Equity Lens Investing \(SELI\) coding system](#), and equitable access to opportunities. This is reinforced through annual Operations and Outcomes Assessments, which include explicit questions on diversity and equity.

### **Cross-Reference to Monitoring (Principle 6)**

Operations and Outcome Assessment findings and impact scores set at diligence are not static. They are revisited through annual impact assessments, monitoring processes and ongoing manager engagement. This feedback loop ensures that expectations set at entry are actively tracked and recalibrated over time.

## **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 negative impact 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. As part of portfolio management, the Manager shall monitor investees' negative impact risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.*

### **Safeguards Across the Investment Lifecycle**

We integrate the assessment and management of potential negative impacts from pipeline screening, through diligence, to monitoring. By embedding safeguards early, we ensure that risks of unintended or adverse consequences are not only identified but actively managed throughout the life of the investment.

In the public markets, we utilize third-party sources and data providers to evaluate the ESG performance of portfolio companies relative to their peers. These analyses help to identify environmental, social or governance controversies, as well as to benchmark practices across sectors. We reference ESG frameworks to flag material risks and assess issuers' exposure to potential negative outcomes. Companies with persistent or severe controversies may be excluded from portfolios.

In the private markets, we integrate negative impact screening and ongoing monitoring into the investment research process. During diligence, we explicitly evaluate potential negative or unintended consequences using an impact risk scoring system that captures categories such as unintended outcomes, execution risk and drop-off risk. Once invested, the deal team plays an active monitoring role, engaging with managers and reviewing reports to identify potential adverse outcomes or stakeholder risks that may not be captured in formal documentation. This continuous engagement approach allows us to address issues in real time, support managers in strengthening safeguards and document remedial actions.

### **Cross-Reference to Other Principles**

- **Principle 4:** Negative impacts are identified during expected impact assessment, alongside positive potential
- **Principle 6:** Risks are tracked through ongoing monitoring, with annual IMM web assessments flagging whether managers have taken corrective action

## **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 Impact 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.*

### **Structured Monitoring Framework**

We integrate monitoring into the investment lifecycle as a structured, repeatable process. Monitoring is embedded across all mandates – public, private, discretionary and client-directed non-discretionary – to ensure consistency in how progress toward impact objectives are assessed. We apply RIIM, incorporating Impact KPIs, to track progress against expectations and firm-level outcomes. Metrics are reviewed at the fund level and aggregated at the portfolio level. Findings are fed back into investment decision-making. Monitoring responsibilities are assigned across the investment research and portfolio management teams.

Designated monitoring leads review fund and manager updates, evaluate progress against Impact KPIs and ensure information is systematically captured. For discretionary mandates, this is led by the portfolio manager in collaboration with the investment research team. For non-discretionary mandates, monitoring is conducted alongside clients, ensuring transparency and shared understanding of progress toward impact objectives. Annual IMM assessments revisit baseline expectations, operations and outcomes, enabling us to measure change over time.

For public market portfolios, we continuously apply RIIM to track issuer performance and aggregate results into fund-level outcomes. As noted in Principle 2, impact reports are published for Rally-managed funds. These statements aggregate and report on Impact KPIs such as GHG emissions avoided, water conserved, employment supported and access to healthcare enabled. For private market investments, we conduct annual IMM assessments to revisit expectations established during diligence via the operations and outcomes assessments.

RCP's monitoring process applies the same systematic rigor as Rally's private portfolios, with additional oversight aligned to the four-pillar contribution strategy (established managers, emerging managers, community lenders, and social purpose organizations). Progress in portfolio construction against these pillars, SDG contribution, stakeholder beneficiaries and social equity considerations are reviewed regularly by RCP's advisory bodies alongside financial performance. These advisory bodies - representing investment, sectoral, and governance expertise - help ensure that lived experience and ecosystem perspectives inform ongoing monitoring and learning.

Collectively, this integrated monitoring framework enables us to manage performance across all portfolios, identify emerging risks, strengthen manager capacity and refine methodologies. Findings from monitoring feed directly into learning cycles (Principle 8), ensuring that insight informs continuous improvement in decision-making and engagement. Across mandates, insights from monitoring are included in client reports. Most reports are private but to support sector learnings we publicly share a Rally Funds [impact overview](#).

### **Feedback Loops and Escalation**

When monitoring reveals that an investment is not on track to meet its expected outcomes, we engage directly with the fund manager or in the case of direct investments the company's leadership team inquire about and potentially address the issues. This may involve technical support, adjusted expectations, or in some cases, consideration of exit (linked to Principle 7).

## **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.*

We consider the sustainability of impact when exits occur in a manner consistent with fiduciary obligations and the investment structures we participate in. Given that most of our private market allocations are made through close-ended funds with fixed terms, direct control over exit timing or mechanics is limited. Nevertheless, we seek to understand, at the outset of each investment, how fund managers approach exit planning and how they consider the long-term durability of impact. During diligence and ongoing engagement, we discuss the importance of responsible exit practices with managers. These discussions intend to positively influence manager practices and reinforce the expectation that exits should not undermine target outcomes or impact objectives.

In the public markets, exits occur through security-level sales or rebalancing. Contribution and impact practices inform decisions about whether holdings support our thematic objectives. If issuers (direct investments) or fund managers fail to uphold impact practices, fail to achieve our investment impact thesis or repeatedly generate material negative impacts, securities may be divested. Rationales for exits, including those where impact performance is a deciding factor, are integrated into quarterly reports.

### **Cross-Reference to Other Principles**

- **Principle 4:** Exit reviews return to the expectations set during diligence (IMM scores, outcomes baselines, outcome KPIs)
- **Principle 5:** Negative impact risks identified earlier are considered in deciding if and how to exit responsibly
- **Principle 6:** Monitoring data (case studies, IMM assessments) informs whether outcomes are durable enough to withstand exit

## **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.*

### **Continuous Improvement as a Core Practice**

Continuous improvement is central to RIIM. We systematically review impact performance across the lifecycle, from diligence to monitoring and exit and uses insights to refine frameworks, methodologies and decision-making processes. This culture of learning ensures that our IMM system evolves alongside market standards, regulatory expectations and client needs. We share key learnings and methodological updates publicly by publishing revisions to RIIM on an annual basis. Each updated version reflects improvements informed by external standards and frameworks and internal reviews.

### **Use of Impact Metrics and KPIs to Inform Performance**

We leverage quantitative and qualitative evidence to inform learning. Impact metrics and KPIs support the evaluation of portfolio and manager performance, highlighting where intended results are achieved or where adjustments are required. These metrics, along with findings from annual operations and outcomes assessments, document how investments perform relative to expectations set during diligence and monitoring. The results directly inform engagement priorities, system improvements and reporting enhancements.

### **Alignment with Investor Contribution 2.0**

We approach learning and improvement through the lens of Investor Contribution 2.0. Just as the framework emphasizes evidencing investor roles across capital allocation, engagement and market-building, we view internal learning as a way to contribute externally to the field. Improvements in our IMM system are designed not only to refine our own processes but also to strengthen norms, set benchmarks and share lessons that advance impact management practice more broadly. Leadership conducts regular IMM reviews to ensure insights from monitoring and engagement are translated into actionable improvements. These learnings continue to shape our improvement roadmap and approach to continuous alignment with global best practices.

We continue to benchmark our IMM system against evolving industry standards. Lessons learned are documented and incorporated into updated procedures, staff training and decision protocols, ensuring that our approach remains credible, consistent and transparent.

### **Learning Loops Across the Lifecycle**

- **At diligence (Principle 4):** Refinements to IMM scoring have directly strengthened early-stage decision quality
- **At risk management (Principle 5):** Updated safeguards ensure potential negative impacts are consistently addressed and tracked
- **At monitoring (Principle 6):** Annual IMM assessments provide a steady stream of data for course correction
- **At exit (Principle 7):** Exit reviews are informing the design of our Responsible Exit Framework

## **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.*

We are committed to transparent disclosure and independent verification of our IMM practices. As a new signatory to the Operating Principles for Impact Management, we will produce annual disclosure statements and have planned to engage an independent third party to verify practices against the Impact Principles in 2026.