

# Verifier Statement

## *Independent Verification Report*

*Prepared for PG Impact Investments: November 23, 2020*

### Introduction

As a signatory of the Operating Principles for Impact Management (the Principles)<sup>1</sup>, PG Impact Investments AG (PG Impact Investments) engaged BlueMark to undertake an independent verification of the alignment of PG Impact Investments' impact management (IM) system with the Principles. As of November 23, 2020, PG Impact Investments' assets under management covered by the Principles (Covered Assets) totaled \$373 million.<sup>2</sup>

### Summary assessment conclusions

BlueMark has independently verified PG Impact Investments' extent of alignment with the Principles. Key takeaways from BlueMark's assessment are as follows:

*Principle 1:* PG Impact Investments has clear impact objectives, mapped to the UN Sustainable Development Goals (SDGs) and tied to positive and measurable impact metrics, and the firm constructs logic models that link the expected impact of its investments to specific SDG targets.

*Principle 2:* The firm integrates impact throughout the investment process, including in impact screening, due diligence, and monitoring, and aligns staff incentive systems with the achievement of impact through management incentives and its annual performance review process.

*Principle 3:* PG Impact Investments documents its expected investor contribution for each investment, including financial and non-financial contributions, in the impact assessment process. The firm has compiled evidence supporting its contribution narrative, including case studies, though it could compile additional evidence.

*Principle 4:* PG Impact Investments has established a thorough process to assess and quantify the expected impact of each investment, incorporating the Impact Management Project's (IMP) five dimensions of impact and impact metrics aligned with industry standards, among other impact considerations.

*Principle 5:* The firm has a documented approach to identify, avoid, and mitigate Environmental, Social, and Governance (ESG) risks in the due diligence process, though it could further standardize its approach to monitoring and engaging on ESG risks and performance on an ongoing basis.

*Principle 6:* PG Impact Investments has a predefined process in place to collect impact data from investees on a quarterly basis, including the comparison of expected and actual impact performance, though the firm could further clarify its approach to engaging with investees on impact underperformance and capturing impact outcomes.

*Principle 7:* PG Impact Investments has established a standardized process to consider the sustainability of impact at exit, including a structured assessment of impact at exit considerations and consideration by the investment committee.

*Principle 8:* The firm has a clear process in place to review and document the impact performance of each investment, on a quarterly basis, though it could further incorporate the comparison of actual and expected impact performance and the review of unintended positive and negative impacts.

<sup>1</sup> Principle 9 states that signatories "shall publicly disclose, on an annual basis, the alignment of its impact management systems with the 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."

<sup>2</sup> Assets under management figure as reflected in PG Impact Investments' reports and other material as of 11/23/2020. BlueMark's assessment did not include verification of the AUM figure.

# Verifier Statement

## Independent Verification Report

Prepared for PG Impact Investments: November 23, 2020

### Detailed assessment conclusions

The chart below summarizes findings from BlueMark’s verification of PG Impact Investments’ extent of alignment to the Principles, using the following four ratings:<sup>3</sup>

- Advanced (Limited need for enhancement);
- High (A few opportunities for enhancement);
- Moderate (Several opportunities for enhancement); and
- Low (Substantial enhancement required).<sup>4</sup>

Principle	Alignment
1. Define strategic impact objective(s), consistent with the investment strategy	ADVANCED
2. Manage strategic impact on a portfolio basis	ADVANCED
3. Establish the Manager's contribution to the achievement of impact	HIGH
4. Assess the expected impact of each investment, based on a systematic approach	ADVANCED
5. Assess, address, monitor, and manage potential negative impacts of each investment	MODERATE
6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately	HIGH
7. Conduct exits considering the effect on sustained impact	ADVANCED
8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned	HIGH

<sup>3</sup> The scope of BlueMark’s assessment procedures does not include the verification of the resulting impacts achieved. BlueMark’s assessment is based on its analyses of publicly available information and information in reports and other material provided by PG Impact Investments. BlueMark has relied on the accuracy and completeness of any such information provided by PG Impact Investments. The assessment results represent BlueMark’s professional judgment based on the procedures performed and information obtained from PG Impact Investments.

<sup>4</sup> The decision to publicly disclose the results of BlueMark’s detailed assessment, and the specific ratings assigned to each Principle, is left to the sole discretion of PG Impact Investments.

# Verifier Statement

## *Independent Verification Report*

*Prepared for PG Impact Investments: November 23, 2020*

---

### Assessment methodology and scope

PG Impact Investments provided BlueMark with the relevant supporting documentation for the policies, processes, and tools related to the IM system applicable to the Covered Assets. The scope of BlueMark’s work was limited to processes in place related to the Covered Assets as of November 23, 2020. BlueMark believes that the evidence obtained in the scope of its assessment is sufficient and appropriate to provide a basis for our conclusions.<sup>5</sup>

BlueMark’s full assessment methodology, based on its professional judgment, consisted of:

1. Assessment of the IM system in relation to the Principles, using BlueMark’s proprietary rubric, and examining processes and policies against the following criteria:
  - *Compliance* of the IM system with a threshold level of practice;
  - *Quality* of the IM system’s design in terms of its consistency and robustness; and
  - *Depth* of sub-components of the system, focused on completeness
2. Interviews with PG Impact Investments staff responsible for defining and implementing the IM system;
3. Testing of selected PG Impact Investments transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to PG Impact Investments, outlining areas of strong alignment and recommended improvement, as well as BlueMark’s proprietary benchmark ratings on the extent of alignment to each of the Principles.

### Permissions

This statement, including our conclusions, has been prepared solely for PG Impact Investments in accordance with the agreement between our firms, to assist PG Impact Investments in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit PG Impact Investments to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate PG Impact Investments’ alignment with the Operating Principles for Impact Management. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than PG Impact Investments for our work or this statement except where terms are expressly agreed between us in writing.

### About BlueMark

BlueMark, a Tideline company, is a leading provider of impact verification services in the impact investing market. BlueMark was founded with a mission to “strengthen trust in impact investing” and to help bring more accountability to the impact investment process. BlueMark is a wholly owned subsidiary of Tideline Advisors, LLC, a certified women-owned advisory firm in impact investing. Since its founding in 2014, Tideline has become a recognized leader in impact measurement and management, working with leading asset owners and managers to design and implement impact management systems.

BlueMark has conducted this verification with an independent and unconflicted team experienced in relevant impact measurement and management issues. BlueMark has implemented a Standard of Conduct requiring our employees to adhere to the highest standards of professional integrity, ethics, and objectivity in their conduct of business activities.

BlueMark has office locations in London, UK; New York, NY; Portland, OR; and San Francisco, CA and is headquartered at 915 Battery St, San Francisco, CA 94111, USA. For more information, please visit [www.bluemarktideline.com](http://www.bluemarktideline.com).

---

<sup>5</sup> The scope of BlueMark’s assessment procedures does not include the verification of the resulting impacts achieved. BlueMark’s assessment is based on its analyses of publicly available information and information in reports and other material provided by PG Impact Investments. BlueMark has relied on the accuracy and completeness of any such information provided by PG Impact Investments. The assessment results represent BlueMark’s professional judgment based on the procedures performed and information obtained from PG Impact Investments.