

# Verifier Statement

## *Independent Verification Report*

Prepared for Private Infrastructure Development Group: October 30, 2023

### Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)<sup>1</sup>, Private Infrastructure Development Group (PIDG) engaged BlueMark to undertake an independent verification of the alignment of PIDG's impact management (IM) system with the Impact Principles. PIDG's assets under management covered by the Impact Principles (Covered Assets) totals \$1,870.6 million<sup>2</sup>, for the year ending 12/2022.

### Summary assessment conclusions

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

*Principle 1:* PIDG has a well-evidenced impact strategy seeking to enable sustainable infrastructure projects in low-income markets across four key impact themes. PIDG also tracks portfolio-wide KPIs mapping to the firm's theory of change.

*Principle 2:* PIDG uses the SDI Scorecard to compare and aggregate impact performance across its portfolio. The size of the overall bonus available for staff is determined partly by impact performance, including targets for average SDI scores.

*Principle 3:* PIDG articulates its financial additionality for each investment in Scorecards and investment documentation. PIDG also tracks total technical assistance commitments annually. Project Evaluations and PIDG's Signature Features study provide additional tools to validate that PIDG's targeted contribution strategies have had the intended effect.

*Principle 4:* PIDG assess the potential impact of each investment using the SDI Group Scorecard, which creates a composite impact score for each investment aligned with the IMP's 5 Dimensions. PIDG's assessment includes a consideration of the relative size of the challenge addressed by each investment, as well as any potential negative impacts.

*Principle 5:* PIDG's HSES Framework details how ESG factors are considered across the investment process. In due diligence, PIDG applies a risk classification matrix to each investment, influencing the implementation of ESAP's. Annual HSES Monitoring Reports present an overview of HSES performance across transactions.

*Principle 6:* PIDG has detailed a clear approach to impact monitoring in the Results Monitoring Handbook. All monitoring indicators specified ex-ante for each investment are tracked annually until project completion. PIDG has also completed a number of end-user surveys across its portfolio in partnership with 60 Decibels.

*Principle 7:* PIDG has developed an SDI Exit template considering the likelihood of sustained impact and any negative impacts of the chosen exit strategy. To further align, PIDG should consider opportunities to refine this template for each asset class it invests in, and more explicitly consider sustainability of impact at earlier stages of the investment process.

*Principle 8:* PIDG reviews the impact performance of each investment via post-completion self-assessment reports. PIDG has also instated an SDI Learning Strategy which shows clear evidence of feedback loops established across the Group.

<sup>1</sup> Principle 9 states that signatories "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."

<sup>2</sup> Assets under management figure as reflected in PIDG's draft 2023 disclosure statement 10/20/2023. BlueMark's assessment did not include verification of the AUM figure.

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### Detailed assessment conclusions

The chart below summarizes findings from BlueMark’s verification of PIDG’s extent of alignment to the Impact 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	ADVANCED
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	ADVANCED
6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately	ADVANCED
7. Conduct exits considering the effect on sustained impact	MODERATE
8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned	ADVANCED

<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 PIDG. BlueMark has relied on the accuracy and completeness of any such information provided by PIDG. The assessment results represent BlueMark’s professional judgment based on the procedures performed and information obtained from PIDG.

<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 PIDG.

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### Assessment methodology and scope

PIDG 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 October 2023. BlueMark’s assessment of the IM system included an evaluation of both the system itself and supporting documentation, as well as the consistency of the draft disclosure statement with the IM system. 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 Impact 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 PIDG staff responsible for defining and implementing the IM system;
3. Testing of selected PIDG transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to PIDG, 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 Impact Principles.

### Permissions

This statement, including our conclusions, has been prepared solely for PIDG in accordance with the agreement between our firms, to assist PIDG in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit PIDG to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate PIDG’s 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 PIDG 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).

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