

# Verifier Statement

## *Independent Verification Report*

*Prepared for Amethis, 10/10/22*

## Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)<sup>1</sup>, Amethis engaged BlueMark to undertake an independent verification of the alignment of Amethis' impact management (IM) system with the Impact Principles. Amethis' assets under management covered by the Impact Principles (Covered Assets) totals \$855 million<sup>2</sup>, for the period ending 09/2022.

## Summary assessment conclusions

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

*Principle 1:* Amethis has defined strategic objectives for its funds and identifies the SDGs to which it aims to contribute. To further align, Amethis should more explicitly define a Theory of Change, distinguish between impact and ESG objectives and draw on industry frameworks to support the classification of their objectives and a clearer articulation of their impact approach.

*Principle 2:* Amethis manages the achievement of E&S goals on a portfolio basis and reviews performance using a dashboard of key KPIs. To further align, Amethis should establish practices to support the management of performance against impact targets linked to selected SDGs and ensure the targets in the impact-linked carry programme they are currently designing incentivise impact performance beyond what it would otherwise have been.

*Principle 3:* Amethis actively engages with portfolio companies and provides technical assistance to support progress on identified E&S issues. To further align, Amethis should further document the specific contribution strategies it employs and articulate its intended non-financial contribution as part of the ex-ante assessment process.

*Principle 4:* Amethis assesses E&S risks ex-ante and develops Environmental and Social Action Plans (ESAPs) to set improvement goals for each investee. Amethis should continue to develop and implement its new process for assessing expected impact ex-ante using the IMP's Five Dimensions as a foundational framework.

*Principle 5:* Amethis has developed a robust ESG risk management system and identifies risks ex-ante via externally commissioned due diligence and internal screening. Investments are categorised based on their risk, with the frequency and rigour of monitoring based on this. Progress against ESAPs occurs regularly and is discussed at portfolio review meetings.

*Principle 6:* Amethis collects E&S data from portfolio companies annually to measure progress against ESAPs. To further align, Amethis should build out its process to include the monitoring of actual vs. expected impact against standardised KPIs.

*Principle 7:* Amethis is currently developing an Exit IC Template which includes consideration of how progress on E&S topics enables investees to continue improving post-exit. To further align, Amethis should establish a process for considering how impact will be maintained beyond each investment's holding period.

*Principle 8:* Amethis regularly reviews the E&S performance of investments against ESAPs and documents lessons learned on an ad hoc basis. To further align, Amethis should develop a process for evaluating impact performance and systematically document and share learnings to improve operational processes and investment decision-making.

<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 Amethis Disclosure Statement as of 06/30/2022. BlueMark's assessment did not include verification of the AUM figure.

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### Assessment methodology and scope

Amethis 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 June 2022. 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>3</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 Amethis staff responsible for defining and implementing the IM system;
3. Testing of selected Amethis transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to Amethis, 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 Amethis in accordance with the agreement between our firms, to assist Amethis in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit Amethis to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate Amethis' 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 Amethis 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 recognised 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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<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 Amethis. BlueMark has relied on the accuracy and completeness of any such information provided by Amethis. The assessment results represent BlueMark's professional judgment based on the procedures performed and information obtained from Amethis.