

# Verifier Statement

## *Independent Verification Report*

*Prepared for Actis: April 27, 2023*

### Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)<sup>1</sup>, Actis engaged BlueMark to undertake an independent verification of the alignment of Actis' impact management (IM) system with the Impact Principles. Actis' assets under management covered by the Impact Principles (Covered Assets) totals \$3.813bn<sup>2</sup>, for the period ending 04/2023.

### Summary assessment conclusions

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

*Principle 1:* Actis seeks to invest in companies which address the SDGs and contribute to a just, equitable and inclusive transition. The firm invests within five verticals, each with its own impact goals. To further align, Actis should develop explicit impact theses for each vertical and include references to a supporting evidence base.

*Principle 2:* The Actis Impact Score (AIS), Actis' impact assessment framework, is a standardised system for managing and comparing impact data at the portfolio level. To further align, Actis should consider aligning staff incentives to the achievement of impact.

*Principle 3:* Actis clearly articulates its expected contribution to the impact of its investment, and an analysis of its investor contribution feeds into the AIS for each investment. To further align, Actis should validate its expected contribution to the impact of its investments.

*Principle 4:* The AIS provides a consistent ex-ante process for evaluating the expected impact of Actis' investments, in line with the IMP's Five Dimensions. To further align, Actis should document considerations about the relative size of the challenges its investments address and consider the indirect and systemic impacts of each.

*Principle 5:* Actis has a systematic approach to identify, mitigate and manage ESG risks throughout the investment lifecycle. Corrective Action Plans are developed to manage material ESG risks, and ESG factors are monitored on a regular cadence.

*Principle 6:* Actis has a clearly defined process for collecting and monitoring impact data. To further align, Actis should track performance against all impact metrics it establishes ex-ante and develop a formal protocol for engaging companies in instances of impact underperformance.

*Principle 7:* Actis completes an exit checklist and exit briefing for each investment which include consideration of impact factors. Impact considerations are discussed with prospective buyers where possible. To further align, Actis should assess the effect that the structure and timing of an exit may have on the maintenance of an investment's impact.

*Principle 8:* Actis reviews the impact performance of investments in quarterly Portfolio Management Meetings and captures lessons learned in Exit Debriefs and at annual ESG conferences. To further align, Actis should establish formal feedback loops to ensure lessons learned are actioned and review and discuss the expected vs actual impact performance of investments.

<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 Actis' Disclosure Statement as of 30/04/2023. BlueMark's assessment did not include verification of the AUM figure.

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### Detailed assessment conclusions

The chart below summarises findings from BlueMark’s verification of Actis’ 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                                | H I G H         |
| 2. Manage strategic impact on a portfolio basis   | H I G H         |
| 3. Establish the Manager's contribution to the achievement of impact  | H I G H         |
| 4. Assess the expected impact of each investment, based on a systematic approach                                | H I G H         |
| 5. Assess, address, monitor, and manage potential negative impacts of each investment                           | A D V A N C E D |
| 6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately   | M O D E R A T E |
| 7. Conduct exits considering the effect on sustained impact   | H I G H         |
| 8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned | M O D E R A T E |

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

<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 Actis.

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### Assessment methodology and scope

Actis 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 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>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 Actis staff responsible for defining and implementing the IM system;
3. Testing of selected Actis transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to Actis, 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 Actis in accordance with the agreement between our firms, to assist Actis in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit Actis to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate Actis’ 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 Actis 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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