



## Verifier Statement

TowerBrook Capital Partners: June 26, 2023

# Verifier Statement

## *Independent Verification Report*

*Prepared for TowerBrook Capital Partners: June 26, 2023*

### Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)<sup>1</sup>, TowerBrook Capital Partners engaged BlueMark to undertake an independent verification of the alignment of TowerBrook Capital Partners' Delta Fund (TCP Delta) impact management (IM) system with the Impact Principles. TCP Delta's assets under management covered by the Impact Principles (Covered Assets) totals \$181.75 million<sup>2</sup>, for the year ending 12/2021.

### Summary assessment conclusions

BlueMark has independently verified TowerBrook Capital Partners – Delta's extent of alignment with the Impact Principles. Key takeaways from BlueMark's assessment are as follows:

*Principle 1:* TCP Delta's strategy identifies its goals of investing in mid-sized, purpose-driven companies across five broad themes, each of which are directly tied to the SDGs and substantiated with robust theme-level evidence.

*Principle 2:* TCP Delta's Impact Assessment and Impact Management Tools, used ex-ante and ex-post respectively, allow comparability across the portfolio. To further advance, TCP Delta should explore options to align staff incentives with impact performance.

*Principle 3:* TCP Delta identifies opportunities to contribute to the impact of each investment and documents these in 200-day value creation plans. Each opportunity is aligned with one of five transformational capabilities. To improve, TCP Delta should monitor its investor contribution activities as planned to validate the effectiveness of its approach.

*Principle 4:* TCP Delta has a structured approach for evaluating the expected impact of prospective investments, including developing impact theses and theories of change for each investment. Impact metrics are aligned with IMP, IRIS+ and SASB.

*Principle 5:* TCP Delta assesses the ESG and climate risks of each investment ex-ante, monitors risk mitigation activities and manages instances of ESG underperformance ex-post. TCP Delta's approach to ESG risk management is aligned to industry standards.

*Principle 6:* TCP Delta develops investment-specific impact indicators and intends to track them through its Impact Management Tool. To improve, TCP Delta should begin to monitor impact across investments as planned and formalise a policy for managing impact underperformance.

*Principle 7:* TCP Delta's Responsible Exit Policy outlines its intended process for exiting investments, specifying how ESG and impact criteria factor into exit decisions. To improve, TCP Delta should implement its Responsible Exit policy as planned, and develop tools or templates to facilitate this.

*Principle 8:* TCP Delta's impact review protocol specifies its intentions to engage in periodic review and documentation of investment-level impact performance. To improve, TCP Delta should implement its review protocol as planned and incorporate the assessment of unintended 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 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 disclosed by TowerBrook Capital Partners' to BlueMark as of 04/2023. BlueMark's assessment did not include verification of the AUM figure.

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### Assessment methodology and scope

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

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



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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.bluemarkideline.com](http://www.bluemarkideline.com).