VERIFIER STATEMENT  
Independent Impact Management Verification  
Prepared for EDFI MC: July 8, 2020

EDFI

BACKGROUND
As a signatory of the Operating Principles for Impact Management (the Principles), the European Development Finance Institutions Management Company (EDFI MC) is committed to disclosing the degree of alignment of its impact management (IM) system with the Principles.¹ EDFI MC engaged Tideline to undertake the assessment.

ASSESSMENT METHODOLOGY
Tideline reviewed EDFI MC’s set of IM tools and processes for the purpose of assessing its degree of alignment with the Principles.² To do so, Tideline used a proprietary rubric informed by:

1. The text of each Principle and associated implementation guidance;
2. Tideline’s proprietary process assessment criteria, which are mapped to each Principle; and
3. Tideline’s retained knowledge of the state of IM practices

SUMMARY ASSESSMENT
Tideline conducted an assessment to verify the EDFI MC IM system’s degree of alignment with the Principles. As of June 2020, EDFI MC’s AUM covered by the Principles total EUR 244 million. Key takeaways from the assessment are:

- **Areas of strength:** EDFI MC has developed positive, measurable impact objectives aligned with the UN SDGs (Principle 1). The company has a thorough process, aligned with the IFC Performance Standards, to identify, categorize, monitor, and manage ESG risks, including in due diligence and ongoing monitoring (Principle 5). EDFI MC sets a baseline expected positive impact for each investment, using impact indicators, and compares actual impact to expectations on an ongoing basis (Principle 6).

- **Areas for improvement:** Tideline identified opportunities for further alignment, including integrating additional impact considerations (e.g., significance of the intended impact, risks that could result in impact variance) into EDFI MC’s due diligence process (Principle 4), further standardizing and documenting the company’s impact at exit processes, drawing on EDFI MC’s approach in private equity (Principle 7), and establishing a protocol to extract lessons learned from the review of each investment’s impact performance (Principle 8).

ABOUT TIDELINE
Tideline Advisors, LLC is 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, focused on the design and verification of IM systems with leading asset owners and managers. In 2020, Tideline established a subsidiary with a separate, dedicated team focused on impact management verification.

Tideline has offices in New York, NY and San Francisco, CA and is headquartered at 915 Battery St, San Francisco, CA 94111, USA.

¹ Principle 9 states that signatories shall “publicly disclose alignment with the Principles and provide regular independent verification of the alignment: The Manager 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.”

² Tideline's full assessment for EDFI MC states each of the Principles, describes the EDFI MC IM processes covered by the Principles, and identifies areas where further alignment is appropriate and feasible. The scope of Tideline’s assessment procedures does not include the verification of the resulting impacts achieved. Tideline’s assessment is based on its analyses of publicly available information and information in reports and other material provided by EDFI MC. Tideline has relied on the accuracy and completeness of any such information provided by EDFI MC. The assessment results represent Tideline’s professional judgment based on the procedures performed and information obtained.