



## Verifier Statement

TowerBrook Capital Partners: September 3, 2024

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## *Independent Verification Report*

*Prepared for TowerBrook Capital Partners: September 3, 2024*

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### Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)<sup>1</sup>, TowerBrook Capital Partners (TCP) engaged BlueMark to undertake an independent verification of the alignment of TowerBrook Delta’s impact management (IM) system with the Impact Principles. TCP’s assets under management covered by the Impact Principles (Covered Assets) totals \$500 million<sup>2</sup>, for the period ending 09/2024.

### Summary assessment conclusions

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

*Principle 1:* TCP Delta has articulated a clear theory of change that identifies five impact sectors, outlines the intended impact value chain, and aligns to relevant SDGs and their underlying targets. The Fund has referenced research and data to support the conclusions of its theory of change.

*Principle 2:* TCP Delta uses numerous tools to manage portfolio-level impact achievement, including the analysis of Impact Intensity Ratio (IIR) and common impact KPIs. To further align, the Fund should fully implement its impact-related performance criteria within performance reviews.

*Principle 3:* TCP Delta’s investor contribution strategy emphasizes helping investees achieve co-linearity in impact and financial performance. The Fund accomplishes this by developing 200-day Value Creation Plans for investees, which comprise detailed roadmaps for implementing financial, impact, and ESG improvements in its investees.

*Principle 4:* TCP Delta assesses the impact performance of each investment using a proprietary impact scorecard, which draws on the IMP’s Five Dimensions of Impact and other recognized frameworks. The Fund develops impact models to establish “base case” expectations for each investee’s impact performance.

*Principle 5:* TCP Delta’s ESG risk management processes are aligned to industry standards like SFDR, TCFD, and the IFC Performance Standards, where applicable. The Fund conducts ESG due diligence across preliminary and advanced rounds of analysis and continually monitors ESG risks using value creation plans and the Responsible Ownership survey.

*Principle 6:* TCP Delta collects data from investees quarterly and monitors impact KPIs against the expectations established in impact models ex-ante. The Fund has outlined a clear process for responding to impact underperformance, where it will develop impact or financial performance improvement plans depending on the investee’s IIR.

*Principle 7:* TCP Delta has developed a Responsible Exit Policy to guide its approach to sustaining impact beyond exit. This policy includes guidelines for reviewing exit preparedness and criteria for selecting impact-aligned buyers. TCP can anticipate increased alignment upon implementing the Responsible Exit Policy and related tools to future transactions.

*Principle 8:* TCP Delta observes several review processes, including the Portfolio Committee, IMEX, and Mid-Cycle Review. To align, the Fund should develop processes for capturing learnings related to strategy, operations, and impact management and standardized documentation to ensure implementation.

<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 email correspondence [as of 09/03/2024]. BlueMark’s assessment did not include verification of the AUM figure.

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### Assessment methodology and scope

TCP 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 September 2024. 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 TCP staff responsible for defining and implementing the IM system;
3. Testing of selected TCP transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to TCP, 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 TCP in accordance with the agreement between our firms, to assist TCP in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit TCP to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate TCP’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 TCP for our work or this statement except where terms are expressly agreed between us in writing.

### About BlueMark

BlueMark, a Delaware-registered public benefit 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 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; and Portland, OR; and is headquartered at 154 W 14th St, 2nd Floor, New York, NY 10011. Its outside investors include S&P Global, Temasek Trust Capital, Blue Haven Initiative, Gunung Capital, Tsao Family Office, Ford Foundation and Radicle Impact. For more information, please visit [www.bluemark.co](http://www.bluemark.co).

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