

## What is impact verification?

Impact verification is a process of assessing the impact measurement and management processes and practices of an investor, asset manager and asset owner. Independent impact verification is important because it helps to:



Combat impact washing and ensure accountability, transparency, and trust in the impact investing world



Improve the credibility, accuracy and legitimacy of the impact investor and their work



Enhance impact investor's practices to generate positive impact on society and mitigate negative impact

## How does TSIC conduct impact verification?

Our typical process includes:

- Holistic introduction by our client's investment team to walk through their typical end-to-end investment and impact measurement and management (IMM) processes
- Desk review of all documents related to our client's IMM processes
- Interviews with our client's team members responsible for their development and implementation of IMM
- Interviews with our client's investees
- Analysis of all the information based on our methodology
- Follow-on interviews with a sample of our client's investment managers to triangulate findings
- Share the verification findings with our client, followed by a discussion on their feedback, implications and recommendations

## What is TSIC's methodology for impact verification?

TSIC uses our "IMPACT" methodology to verify investors' impact processes and practices. Our methodology incorporates the best practice standards for IMM, including:

- The Operating Principles for Impact Management (OPIM)
- The Social Value International Standards for Social Value Accounting and Impact Management
- Sustainable Development Goals (SDGs) Impact Standards
- ISO Standard for Sustainable Finance



Our **IMPACT** verification framework looks at the following areas:

Criteria	Verification areas	Alignment with <a href="#">OPIM</a>
<b>Intentionality</b>	<ul style="list-style-type: none"> <li>• Clarity of strategic impact objectives</li> <li>• Alignment of impact objectives with the investment thesis and strategy</li> <li>• Alignment of impact objectives with the Sustainable Development Goals (or other widely accepted goals)</li> </ul>	Principle No. 1
<b>Management</b>	<ul style="list-style-type: none"> <li>• Quality of IMM system and tools on a portfolio basis</li> <li>• Quality of ESG risk management system</li> <li>• Quality of the approach to monitoring and managing investees' impact, both positive and negative, including how investees are involved</li> <li>• Consideration of the investment's additionality on investment and portfolio levels</li> </ul>	Principle No. 2, 3, 4, 5, 6, 7
<b>Process</b>	<ul style="list-style-type: none"> <li>• Integration and consistency of IMM process across all investment stages</li> <li>• Articulation of how investees are involved</li> <li>• Articulation of the process for identifying all potentially affected groups of people</li> </ul>	Principle No. 2, 3, 4, 5, 6, 7
<b>Accountability</b>	<ul style="list-style-type: none"> <li>• Alignment of staff incentive systems with the achievement of impact</li> <li>• Evidence of impact data improving decision making, strategically, tactically and operationally</li> <li>• Evidence of involving of investees in the IMM process to optimise positive impact and mitigate negative impact</li> </ul>	Principle No. 2, 4, 5, 6, 7, 8
<b>Credibility</b>	<ul style="list-style-type: none"> <li>• Comprehensiveness of all the material outcomes experienced by stakeholders</li> <li>• Quality of evidence, data sources, assumptions, proxies and professional judgements for both positive and negative impact on the portfolio and investment levels</li> <li>• Articulation of risks to the completeness and accuracy of the impact</li> <li>• Consistency of information on impact</li> <li>• Likelihood or existence of impact sustainability</li> </ul>	Principle No. 3, 4, 5, 6, 7
<b>Transparency</b>	<ul style="list-style-type: none"> <li>• Completeness of impact documentation and disclosure</li> <li>• Evidence of involving stakeholders at the impact disclosure process</li> </ul>	Principle No. 8, 9

## About TSIC

TSIC is a global social impact consultancy with offices in London, Accra, Hong Kong and India. Founded in 2008, TSIC has worked with over 200 clients in 30 countries, including impact investors, foundations and social purpose organisations. We pride ourselves on our approach of delivering local-minded solutions whilst leveraging our global networks. We partner with our clients to create systems change and an equitable society that puts impact first.

Our vision for the impact investing ecosystem is that it should be deployed in the most effective, efficient way to achieve Sustainable Development Goals (SDGs). In order to achieve this, we believe three levers are critical:

- The social and environmental impact of these investments need to be measured and verified alongside financial returns.
- Capital flows and structures need to be more equitable than the traditional financial markets - reaching marginalized groups, including women and people of colour; and supporting prosperity of emerging markets.
- Investment decisions need to be guided by where investments can have the most impact, not the most profits.

We are committed to supporting clients on the above levers, ultimately improving transparency and trust in the social investment ecosystem, enhancing capital accessibility and velocity of deal flows.

Our services to impact investors include:

- Develop Impact strategy, Impact Measurement and Management systems (IMMS), and implementation and governance capabilities
- Define investment strategies through a racial, gender, social justice and equality lens
- Provide investment advice to asset owners including asset allocation strategy and investment portfolio construction
- Structure blended finance vehicles and transactions, and support with due diligence
- Support investors to integrate diversity, equity and inclusion (DEI) into investment processes
- Evaluate impact and author / verify / assure impact processes, practices, results and reports

Our clients include:



TSIC is a member of:

