

# Verifier Statement

*Independent Verification Report*

Prepared for DWS: 16 December 2021

## Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)<sup>1</sup>, DWS engaged BlueMark to undertake an independent verification of the alignment of the Sustainable Agriculture Strategy, the Sustainable Energy Strategy, the Country-Specific Clean Energy Fund and the Country-Specific Environment Fund's impact management (IM) systems with the Impact Principles. BlueMark reviewed the November 2020 OPIM Disclosure statement as part of the verification process. This states that DWS' assets under management covered by the Impact Principles (Covered Assets) totals \$726.58 million<sup>2</sup>, for the period ending 09/2020.

## Sustainable Agriculture Strategy summary assessment conclusions

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

*Principle 1:* The Strategy articulates a clear overall impact thesis, which is tied to seven "Impact Dimensions" and relevant SDG objectives. The fund's Theory of Change (ToC) further links each underlying Impact Dimension to measurable outputs and related impact outcomes sought. Supporting evidence is provided through transaction-level Impact Briefs.

*Principle 2:* The "Impact Spider" framework allows for management of impact performance by assessing standardised impact dimensions and metrics. To further align, the Strategy could consider aligning staff incentive systems to impact performance.

*Principle 3:* Financing is provided to the agricultural sector in Africa that would otherwise not be available and a Technical Assistance facility is leveraged to support investees. To further align, the Strategy could assess additionality ex-post.

*Principle 4:* The Strategy presents seven impact dimensions, assessed through the "Impact Spider" and the IMP framework. To enhance alignment, all relevant impact dimensions should be assessed in line with IMP guidelines and the size of the challenge within relevant geographies and potential indirect and negative impacts should be further explored.

*Principle 5:* The Strategy has implemented an ESG risk management system, utilising an exclusion list in the screening stage and a risk categorisation process to determine the level of due diligence to be applied. The Strategy monitors for ESG underperformance and may leverage its TA facilities to help ameliorate underperformance or unexpected risks.

*Principle 6:* The Strategy's impact monitoring framework outlines the annual collection of self-reported data, alongside rapid appraisals and in-depth impact evaluations. There is an ongoing comparison of expected and actual impact. To further align, the Strategy should formalise their protocol for engaging with investees in the event of underperformance.

*Principle 7:* There is no formal policy for considering the effects of exit on the sustainability of impact. The Strategy should formalise a policy/process that ensures various steps are taken at exit to encourage long-term sustainability of impact.

*Principle 8:* Annual and quarterly reports review and document the impact performance of each investment. "Impact Spider" diagrams illustrate the regular comparison between expected and actual impact. To further align, the Strategy could include a formal review process that informs future operational and strategic investment decisions and could include a more standardised method of reviewing positive and negative 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 reflected in OPIM Disclosure Statement as of 09/30/2020. BlueMark's assessment did not include verification of the AUM figure.