

VERIFIER STATEMENT

Independent Impact Management Verification

Prepared for LeapFrog Investments: March 24, 2020



BACKGROUND

As a signatory of the Operating Principles for Impact Management (the Principles), LeapFrog Investments (LeapFrog) is committed to disclosing the degree of alignment of its impact management (IM) system with the Principles.¹ LeapFrog engaged Tideline to undertake the assessment.

ASSESSMENT METHODOLOGY

Tideline reviewed LeapFrog'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 LeapFrog IM system's degree of alignment with the Principles. As of December 31, 2019, LeapFrog's assets under management covered by the Principles totals US\$1.6 billion. Key takeaways from the assessment are:

- **Areas of strength:** LeapFrog's IM system demonstrates an advanced level of alignment across all of the Impact Principles. LeapFrog has integrated impact considerations in a consistent manner throughout its investment process, supported by clear decision-making protocols and standardized documentation. The process has been refined and strengthened over the course of several funds.
- **Areas for improvement:** There are no notable processes in need of improvement at this time.

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 LeapFrog states each of the Principles, describes the LeapFrog 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 LeapFrog. Tideline has relied on the accuracy and completeness of any such information provided by LeapFrog. The assessment results represent Tideline's professional judgment based on the procedures performed and information obtained.

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DETAILED ASSESSMENT

Tideline assessed LeapFrog’s IM system on its degree of alignment with the Principles, using the following four ratings: Advanced (limited need for enhancement at present); High (a few opportunities for enhancement); Moderate (several opportunities for enhancement); and Low (substantial enhancement required for alignment).³

The chart below summarizes Tideline’s verification of LeapFrog’s IM system:⁴

PRINCIPLE	ALIGNMENT
1. Define strategic impact objective(s), consistent with the investment strategy	ADVANCED
2. Manage strategic impact on a portfolio basis	ADVANCED
3. Establish the Manager's contribution to the achievement of impact	ADVANCED
4. Assess the expected impact of each investment, based on a systematic approach	ADVANCED
5. Assess, address, monitor, and manage potential negative impacts of each investment	ADVANCED
6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately	ADVANCED
7. Conduct exits considering the effect on sustained impact	ADVANCED
8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned	ADVANCED

³ The decision to publicly disclose the results of Tideline’s detailed assessment, and the specific ratings assigned to each Principle, is left to the sole discretion of LeapFrog.

⁴ Tideline’s full assessment for LeapFrog states each of the Principles, describes the LeapFrog 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 LeapFrog. Tideline has relied on the accuracy and completeness of any such information provided by LeapFrog. The assessment results represent Tideline’s professional judgment based on the procedures performed and information obtained.