





#### About Tideline

Tideline—which was named after the line in an ocean where two currents converge—was founded in 2014 by Christina Leijonhufvud, Ben Thornley, and Kim Wright-Violich, who together brought over three decades of impact investing experience and a shared vision of building a trusted consultancy for impact allocators, managers, and market-builders. Consistent with the firm's mission to "enable investors to integrate and deliver impact with confidence," Tideline's approach has always emphasized excellence, commitment, and openness. These values guide not only each of our client interactions and assignments, but also how we intend to grow and empower our team. By placing these values at our "Impact Core," Tideline ensures its work is grounded in impact integrity and contributes to the principled scaling of the impact investing industry.

We are a majority women-owned business, a member of the Asian Venture Philanthropy Network (AVPN), the Global Impact Investing Network (GIIN), an Affiliate Member of Mission Investors Exchange (MIE), and a partner of Impact Capital Managers (ICM).









#### About this Report

This report is an overview of Tideline's evolution over its first decade of work, documenting the concurrent growth of the firm and the impact investing industry more broadly. The report highlights Tideline's key achievements, lessons learned, and many of the pivotal moments that have shaped the firm's and the industry's development. As we look forward to our next decade of operation, the report also reflects on how we wish to grow—in terms of externally facing client work as well as our internal practices—to continue to scale and enhance our impact.

learn more at tideline.com

#### Acknowledgements

We extend our sincere gratitude to all those who have been an integral part of Tideline's journey, including: current and past employees, clients, and field-building partners. Your contributions have been instrumental in shaping Tideline's and the impact investing industry's development.

Furthermore, we express our appreciation to those who played a direct role in the creation of this report, and particularly the lead authors: Yael Cohen, Lauren Friedman, Jade Huynh, Olivia LaFond, Deegan Lee, and Ben Thornley. We would like to also acknowledge our long-time design partner, Dustin O'Neal (Great Jones Studio), an extended member of the Tideline family, who supported report production.

Our heartfelt thanks go to those who shared their insights and perspectives, enriching the content with their input.

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Andy Kuper CEO and Founder | LeapFrog Investments

Cathy Clark Faculty Director | CASE & CASE i3

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# Contents

- 3 About Tideline
- 4 About this Report
- 5 Acknowledgements
- 7 Letter from Our Founders
- 9 Glossary

#### Introduction: Tideline at a Glance 10

- Mission & Vision 11
- Our Impact Thesis 12
- Tideline's Role in the Marketplace 13
- Our Service Offerings & Field Building 15
  - By the Numbers 17

#### 20 Our History: Seasons of Market Growth

- 21 Pre-Tideline: Enabling Conditions
- 23 Launch: Navigating Ambiguity
- 27 Commercialization: Reaching New Heights
- 35 Institutionalization: Coalescing Practice Standards

#### Reflections on Our First Decade 41

- Building a Sustainable Business 42
- Celebrating Client Achievements 44

#### 45 Looking Forward: Centering Impact

- 48 Tideline's Impact Core
- 53 Our Next Decade of Service

#### Our Message to the Field 57

#### Appendix 61

### Letter from our Founders

#### from navigating to centering impact

In 2014, we founded Tideline as a specialist consultant in impact investing. We had high hopes for our venture in this nascent discipline but could not have imagined how humbled we would be looking back today on the growth of the impact investing market, and on Tideline's own part in that history.

We are pleased to share our story through this Milestone Report, which shows how Tideline's growth tracks with the evolution of the broader impact investing industry. Within this once niche discipline, we have shaped our services over the years to respond to growth and diversification of client needs, from customized impact research and evaluation to business planning, product and system design, and impact due diligence and value creation. We hope that our readers can see something of their own journeys alongside Tideline's and share in our pride having played a part in the development of impact investing.

As just one among thousands of committed market participants, Tideline has made contributions to impact investing that exceed the size of our modest business – the most notable of which was the creation in 2020 of our sister company BlueMark, now the market's leading independent verifier of impact practices and performance. However, it is our clients to whom the credit for pioneering new markets, products, and practices is due. To our clients: thank you for trusting Tideline as a partner and for the opportunity to learn and grow together. We celebrate your accomplishments and are privileged to highlight a selection of them in the pages that follow.

In addition to reflecting on our collective accomplishments, this Milestone Report charts the course for our future. It marks a turning point for Tideline, and perhaps for the market more broadly. Whereas we have described Tideline's purpose during our first decade as helping clients *navigate* impact investing, moving forward, we will support navigation as always, but also the *centering* of impact as a primary purpose.

"Centering impact" has a distinct meaning for Tideline: that impact is not just an output or outcome, but a way of being and acting. Impact begins with how we relate to one another and the world around us. As we reflect on what it takes to run an ambitious impact investing consultancy, we have repeatedly returned to the importance of maintaining a culture of wellness, mutual care,

and respect. We recognize that these values are the fundamental ingredients of our "Impact Core" that will allow us to continue to build a successful impact consulting firm. Just as we have created impact through service delivery and thought leadership, we can also do so by embodying a new model of business that moves beyond extractive or unhealthy practices in favor of regeneration, empowerment, and sustainable growth.

The privilege of being an independent, specialized boutique has been the opportunity to mold Tideline in its entirety—the work we do, the team and culture we cultivate, and the expertise we accumulate—around the unique needs of the impact investing market, across themes, geographies, and client types. This formula has worked well for Tideline since our founding, and calls us to center impact in order to best support our clients' own interests to remain at the forefront of impact investing.

Once again to our clients, to our team, and to all our partners in market building: thank you for your support. It has made Tideline what it is today.

In collaboration and determination,







### Mission

To enable leading investors to integrate and deliver impact with confidence



Vision

A world that expects, and trusts in the ability of all financial capital to contribute to a just society and thriving planet

# Our Impact Thesis

Tideline strives to be an engine for building confidence among impact investors, partnering with diverse actors investing across the spectrum of capital to scale the market with integrity—influencing the direction of trillions of dollars in capital toward the advancement of positive social and environmental outcomes.

#### Challenge

At a minimum, the capital gap for achieving the UN SDGs by 2030 totals an estimated \$4.2 trillion per year. Impact investors have a critical role to play in addressing this capital gap.

#### Solution

Tideline works in partnership with a diverse client base to shape the impact investing field by bringing greater authenticity, integrity, and rigor to the design of impact strategies, the development of impact management and measurement systems, and the implementation of best-in-class impact investment practices. As a function of our singular focus on impact investing, Tideline can leverage its deep expertise and holistic perspective across investor types, themes, geographies, and asset classes to bring impact to life.

#### Outcome

Tideline contributes to building a more principled and scaleable impact investing market—supporting clients to direct capital at the scale needed to achieve the SDGs. The firm has led more than 200 engagements with clients managing over \$200 billion of impact capital, influencing institutions with total assets under management of over \$30 trillion<sup>2</sup>.

#### *Tideline's Role in the Marketplace:*

# A Trusted Impact Advisor

Tideline occupies a unique role within the impact investing ecosystem as a trusted advisor and partner to hundreds of clients. While we as a firm do not deploy capital, we leverage our expertise on impact to support other market stakeholders to invest in the most principled and effective manner possible. Ultimately, our impact is often more indirect in nature. The following Milestone Report documents the history of how Tideline has leveraged its advisory function to catalyze social and environmental outcomes far beyond our own small business footprint.

#### **Elevating Investor Expertise**



- Sharing impact investing best practices with clients
- Conducting trainings and awareness-raising activities on impact investing with various market stakeholders

#### **Operationalizing IM**

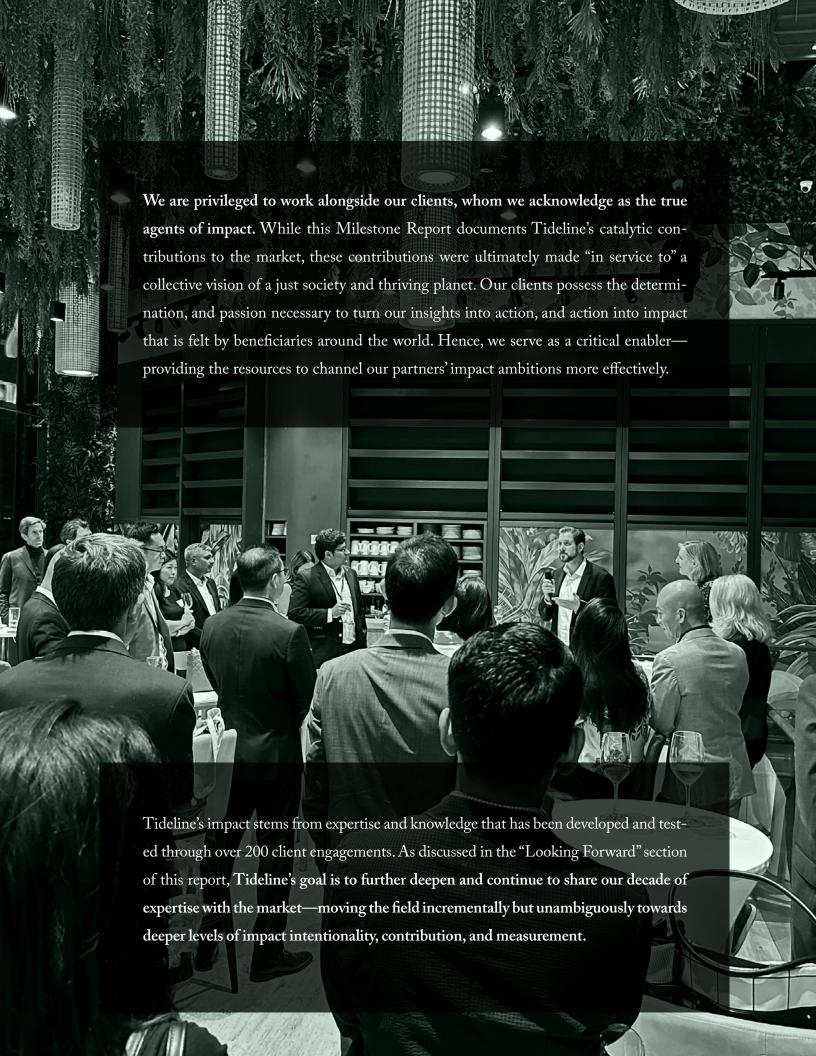


- Developing and refining impact strategies
- Building and enhancing bespoke IM systems
- Directly conducting impact due diligence and reporting on hehalf of clients

#### Maturing the Field



- Authoring thought leadership (e.g. white papers, reports, articles, blogs,
- Facilitating the exchange of impact expertise and networking (e.g. Compass Series)
- Advising on the development of key industry standards (e.g. IMP and SDG Impact)



# Tideline's Service Offerings

Client offerings: As a boutique impact investing consulting firm, Tideline partners with leading institutional practitioners and market builders to execute on their impact investing aspirations. Our advisory and implementation services are designed to support each step of the investment process, from strategy design through ongoing portfolio management and exit.

#### Strategy & Design

#### Strategy development

Collaborating with clients to developlaunch or strengthen impact investing products, strategies, and practices, including through the development of research and thought leadership

#### IM system design & optimization

Co-creating the tools and frameworks essential for integrating impact at each stage of the investment process, from sourcing through exit, aligned with the industry standards that Tideline has helped shape

#### Management

#### Impact reporting & evaluation

Analyzing and synthesizing impact data to review results and develop compelling perfomance reports, providing recommendations for enhancement to

#### Impact due diligence

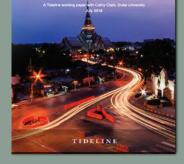
Partnering with clients to screen and assess potential investments against existing IM systems, including advising on strategy alignment, impact risks, measurement, and investor contribution

#### Ongoing impact partnership

Ongoing collaboration with clients to support the implementation of impact strategy and IM, dependent on client needs













# Field Building

#### Thought Leadership

Tideline seeks to develop and strengthen the impact investing market's infrastructure, ecosystem, and knowledge base to help professionalize the practice of impact investing while simultaneously enhancing integrity. Tideline's primary field building levers include publicly sharing our research, convening impact investing experts (e.g., through our *Compass Series* webinars), partnering with other field-building organizations, and amplifying our own network.

#### Tideline's Compass Series

In 2021, Tideline introduced our *Compass Series*—an ongoing series of webinars that serve as a platform to connect leader and experts in the field of impact investing and facilitate indepth discussions on a range of pertinent topics.

To date, Tideline has organized 14 webinars exploring a range of critical themes such as climate investing, turning diversity promises into action, and best practices in impact measurement and management. Over the last three years, our Compass Series conversations have brought in 65 speakers and engaged over 2,500 audience members.





Investor

Impact

Contribution:

Experiences in

Optimizing for

Performance





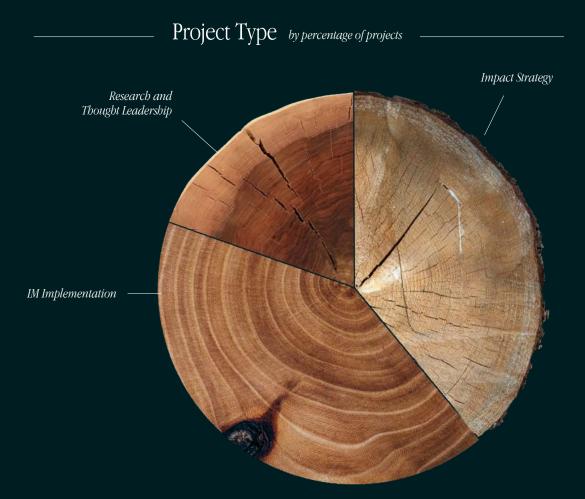


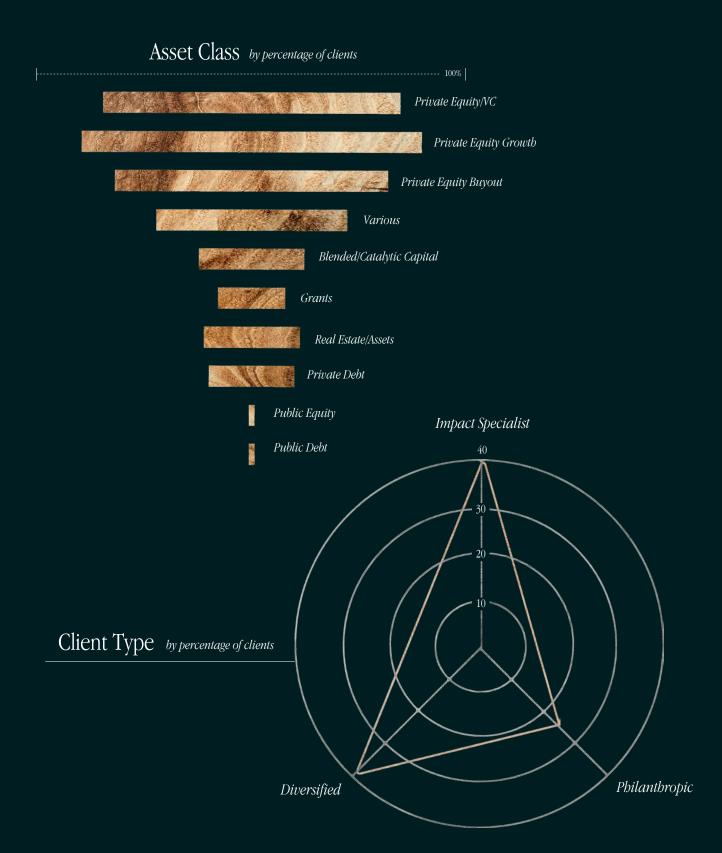




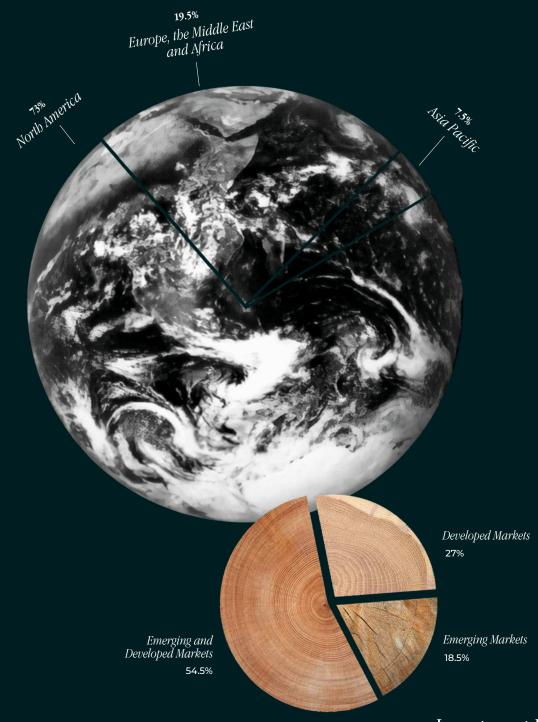
# Tideline: By the Numbers

During our first decade, Tideline has supported clients to integrate impact authentically across asset classes and geographies. Our clients are headquartered worldwide, deploy over \$200 billion of impact capital, and have partnered with Tideline through more than 200 engagements, to achieve their wide-ranging impact goals. Though Tideline works across asset classes, clients are most commonly private equity investors—driven partially by opportunity set, the ability for active management, and influence, among other factors. The images on the following pages are meant to showcase the diversity of our, and our clients', work.





#### Client Headquarters



*Investment Focus* 





1

Pre-Tideline

# Enabling Conditions

2007 - 2014

Tideline's founders played essential roles in seeding the impact investing market's development.

Key Market Question

What is "impact investing?"

#### Early movers in impact investing

Tideline's founders played an important role in shaping and advancing impact investing in its nascency, building on experience leveraging financial markets to advance social and environmental change.

- Christina Leijonhufwud launched J.P. Morgan's Social Finance business in 2007, a first-of-its-kind wholesale bank impact investing business that made principal investments in and distributed early pioneering impact funds, structured blended finance vehicles, and published and disseminated research on the new investment movement.
- Ben Thornley led the research and consulting practice at Pacific Community Ventures from 2010–2014, where he evaluated the impact of billions in investment dollars and created the Impact Investing Policy Collaborative, which contributed to the Social Impact Investment Taskforce.
- Kim Wright-Violich served as CEO of Schwab Charitable from 2000 to 2012, during which time she led its growth to become the second-largest donor-advised fund (DAF) in the U.S. with \$3.5 billion in assets while also pioneering the practice of impact investing in via DAFs.

In the years leading up to Tideline's launch, the three co-founders engaged in discussions that were formative to the development of the impact investing market.

- In 2007, Christina attended The Rockefeller Foundation event where the term "impact investing" was coined due to attendees' desire to create a framework for collective action around the need to channel financial capital for social and environmental benefit.
- In 2010, Christina co-authored, with Nick O'Donohoe and Yasemin Saltuk Lamy of J.P. Morgan (who both later joined British International Investment) and Antony Bugg-Levine and Margot Brandenburg of Rockefeller Foundation (now Lafayette Square and Ford Foundation, respectively) Impact Investments: An Emerging Asset Class, which helped to put impact investing on the radar of large institutional investors. At the time, it ranked as the most widely downloaded reseach report that J.P. Morgan had published.
- In 2010, under Kim's leadership, Schwab Charitable launched the first-ever microfinance guarantee fund using DAF assets.
- In 2011, while with Pacific Community Ventures', Ben led the development of Impact Investing: Framework for Policy Design and Analysis, which was published with Harvard University's Initiative for Responsible Investment and was influential as a catalyst for policymaker engagement.

#### **Timeline**

TIDELINE

MARKET

2014

Launches as a specialist consultancy for the impact investing industry

Opens physical office in San Francisco, USA The Social Impact Investment Taskforce, led by Sir Ronald Coben, publishes Impact Investment: The Invisible Heart of the Markets

2015

World leaders from UN member countries adopt the 2030 Agenda for Sustainable Development Goals

Co-founder Ben Thornley publishes The Impact Investor with Cathy Clark, current Director of CASE 13 at Duke University and Jed Emerson, Chief Impact Officer for Tiedemann Advisors/ ATT Global

The World Economic Forum (WEF) launches multi-year project The Mainstreaming Impact Investing Initiative to investigate bow more capital can be channeled into impact investments

2016

Completes 25th client assignment The Impact Management Project (IMP) is formed to build consensus on bow to interpret and manage performance on social and environmental issues

Opens physical office in New York City, USA

Five Dimens following con and consens with bundre including Tideline proposes "impact classes" to parallel "asset lasses" via report Navigat-

The IMP releases the definitional framework Five Dimensions of Impact following consultation and consensus-building with bundreds of investors, including Tideline as an 2

Launch

# Navigating Ambiguity

2014 - 2016

Tideline began its impact journey through partnerships with leading mission-driven investors—aiming to increase impact investing's broader appeal.

Key Market Question

What does it mean to be an impact investor?

#### Tideline's founding

The impact investing market began to formalize as early movers within traditional financial institutions started to think more deeply about the environmental and social impacts of their investments. In response to this emerging demand, Tideline was launched in 2014 to serve financial and social sector institutions that needed specialist advisory support to navigate the nascent impact investing discipline. In practice, this meant guiding investors through the creation of their own impact strategies, management practices, and measurement approaches.

"It was a courageous thing to do. The Founders stepped into a space focused on what was likely to be needed next—not something people were already asking for. It required significant risk but was necessary to encourage investors to translate interest to action."

#### ROSEMARY ADDIS ON THE FOUNDING OF TIDELINE

Managing Partner | Mondiale Impact Enterprise

Professor | Faculty of Business & Economics, University of Melbourne

Tideline's initial engagements were focused on integrating impact into the discrete strategies of large mission-driven, institutional asset owners, including the Ford Foundation and the Bill and Melinda Gates Foundation, who were instrumental first movers among institutional investors.

Tideline advises Ford Foundation on \$1 billion Mission– Related Investment commitment, the largest ever by a private foundation.

Ford Foundation engaged Tideline to create an impact management (IM) system and a corresponding set of tools to operationalize its impact management approach for its \$1bn commitment to a mission-related investment (MRI) program, to be phased in over ten years. Ford's MRI

#### (continued from page 24)

program invests in inclusive financial services within emerging markets and affordable housing within the U.S. The Foundation also committed to using the MRI program to promote diversity, equity, and inclusion (DE&I).

Tideline created a customized IM system for the program, which included "focus statements" created to articulate its impact goals at the sector level; due diligence tools to assess the alignment of a manager's impact thesis to the program's objections.

"Tideline has been instrumental in helping our team scale Ford Foundation's impact investing strategy from a bold concept into a cornerstone of our foundation's work around the globe."

ROY SWAN

Head of Mission Investments | Ford Foundation

tives, as well as the manager's capacity, ability, and likelihood to deliver targeted impact outcomes; and a checklist with an accompanying set of guidelines to collect and analyze impact data at the portfolio, sector, and investment levels.

"The success of this invaluable partnership is in no small part due to my colleague Christine Looney, whose leadership has been critical to the suc-

cess of Ford Foundation's Mission Investments initiative," said Ford Foundation head of Mission Investments Roy Swan. "We extend our deepest gratitude for the entire Tideline team's contributions to our work and to the broader impact investing field, and we look forward to seeing continued progress, moving in lockstep with our expert partners to take this work to new heights."

#### Mainstreaming impact

In 2015, Tideline began to partner with leading asset managers – a signal of the impact investing market's trajectory, as well as validation of Tideline's purpose, to provide unconflicted strategic advice to institutional investors in the impact market. These managers served an expanding client base of high-net-worth individuals and institutions who were interested in generating social and environmental

impact alongside a financial return. Tideline also widened its range of client types during this time – simultaneously working with specialist organizations, such as the Build Healthy Places Network and Omidyar Network, alongside larger, more mainstream providers seeking to generate impact at scale, such as TPG.

# Tideline advises private equity giant TPG on the market's first multibillion-dollar impact fund

In the initial development phase of its first impact fund, TPG engaged Tideline to provide foundational research for its pioneering strategy. Tideline provided TPG with deep analysis and insights on the impact investing sector, which included its unique characteristics, the competitive environment, lessons learned and best practices from recent fund launches, and expectations related to financial and impact performance.

In 2017, the TPG Rise Fund raised \$2 billion from institutional investors, making it the largest impact investment fund to launch in the impact investing market at the time. The success of The Rise Fund further drew attention to the market and its accelerating growth. Today, the TPG Rise platform has approximately \$18 billion in assets across The Rise Funds, TPG Rise Climate, and the Evercare Health Fund.

Finding its footing as a new firm, Tideline helped early adopters of impact investing to test and experiment with innovative models for targeting social and environmental benefits. Ultimately, Tideline played a supportive, enabling role for many leading impact investors who today model best practices for new entrants seeking to establish themselves in the market.

#### **Timeline**

TIDELINE

MARKET

2017

Completes 50th client assignment

2018

Works with the United Nations Development Programme to conceive of the SDG Impact initiative for standard-setting

Jor standard-setting
Partners with ICM to
publish The Alpha in
Impact which documents
companies outperforming
financially for reasons
related to their impact

The SDG Impact initiative is formally launched at the 73rd UN General Assembly

2019

Completes its 100th client engagemen

Supporting the Catalytic Capital Consortium — a joint initiative of the MacArthur Foundation, The Rockefeller Foundation, and Omidyar Network — Tideline publishes Catalytic Capital: Unlocking More Investment and Impact

Hosts the inaugural Compass
Scries webinar, through
which Tideline moderates
conversations with leaders
charting the course for the
impact investing market

Completes first independent impact verification against the Operating Principles for Impact Management (OPIM) for LeapFrog Investments

Engages Brigham Consulting a racial equity consulting firm, to initiate team capacity building on diversity, equity, and inclusion (DE&I) Launch of the Operating Principles for Impact Management (Impact Principles), which provide a framework for ensuring that impact considerations are integrated throughout the investment life cycle

The impact investing market surpasses the \$500 billion mark<sup>3</sup>

GIIN launches the IRIS+ platform to support impact measurement

The IFC publishes "Creating Impact — The Promise of Impact Investing," which takes stock of the impact investing market and examines the conditions that would allow the market to realize its potential

2020

Publishes the first Making the Mark report, which features results from the firm's first 13 verifications of investors' alignment with the Impact Principles.

Tideline's sister company, BlueMark, is launched as an independent verification specialist to strengthen trust and accountability in impact investing

Creates a DE&I Working Group in response to the 2020 racial reckoning, which includes rolling out various initiatives, such as blina The impact investing market surpasses the \$700 billion mark<sup>4</sup>

The 2020 racial reckoning spurs mounting private investor interest in using capital to promote equity and economic inclusion for Black Americans and the New Majority more generally

3

Commercialization

# Reaching New Heights

2016 - 2020

Recognizing the paramount need for discipline and transparency in impact investing, Tideline focused on shaping key market infrastructure.

Market Size \$502 billion (2019)<sup>5</sup>

Key Market Question

How can the impact investing market scale with integrity?

Following the firm's first years of operation, Tideline experienced a period of significant growth, doubling its number of client engagements on a year-over-year basis and expanding its client base to serve an increasingly diverse range of investors working across the spectrum of capital globally.

#### Segmenting and standardizing the market

For the impact investing market to grow with integrity, Tideline recognized the need to both clarify what it means to be an impact investor and identify where the approach sits within the broader sustainable investing market.

To assist clients and the broader market in better understanding impact, Tideline engaged in several projects to delve deeply into the concept of impact intentionality—i.e., purposely investing to contribute to measurable social or environmental benefits. The firm, in collaboration with Case i3, released a report that contributed to better defining, segmenting, and standardizing the impact investing market.

Cathy Clark, Director of CASE i3 at Duke University's Fuqua School of Business, and Tideline propose "impact classes" to parallel "asset classes"





With the goal of arriving at greater market clarity, efficiency, and assurance, Tideline, in partnership with

Cathy Clark from Duke University Fuqua School of Business' Case i3 Initiative on Impact Investing (Case i3) and with the support of Omidyar Network, released "Navigating Impact Investing" to support market segmentation. The work synthesized a series of conversations with dozens of leading impact investors, resulting in a report that simplified terminology, established a common taxonomy of impact classes, and provided a comprehensive landscape of the market.

#### (continued from page 28)

In addition, the development of impact classes laid the groundwork for the launch of the Impact Management Project (IMP)—a forum that involved more than 2,000 impact investing practitioners and created the Avoid, Benefit, Contribute (ABC) classification system. The ABC system has been widely adopted in the market today to articulate the type of social and environmental benefits investors seek to achieve.

Tideline's efforts to guide impact investors also included a collaboration with UNDP focused on standards-setting.

## Tideline works with the UN Development Programme (UNDP) to create the global flagship initiative SDG Impact

SDG Impact

As impact management coalesced as a distinct technical discipline, Tideline partnered with UNDP to conceive of the SDG

Impact initiative for standard-setting. UNDP and Tideline embarked on an iterative design process that involved interviewing a broad range of investors and engaging with UNDP stakeholders around the world to better understand the barriers investors face when trying to allocate capital towards achieving the SDGs. Tideline translated UNDP's core strengths and capabilities into a business model designed to address these barriers, resulting in SDG Impact, a global flagship UNDP initiative that launched in September 2018 at the UN General Assembly.

"This partnership is not merely a convergence of organizations; it's a fusion of purpose, driving the ripples of progress across the global landscape. The SDG Impact journey has been, and will continue to be, all the more rewarding, impactful and fun for having the privilege to travel the path together with wonderful partners like Tideline."

FABIENNE MICHAUX

#### (continued from page 29)

Following launch, SDG Impact published global management standards and developed related training, tools, assurance mechanisms and its SDG investor maps to help businesses and investors embed sustainability and the SDGs into internal decision making and have the confidence they are doing so in a holistic and systematic way.

"In the dynamic collaboration between UNDP and Tideline, a powerful synergy unfolds, embodying a shared commitment to catalyzing positive change," said Fabienne Michaux, Director of SDG Impact at the UNDP. "Together, we navigate the currents of sustainable development, leveraging innovation, expertise, and a collective vision for a more equitable and resilient future."

#### Demystifying the market

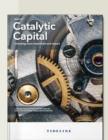
Despite growth in the impact investing market and momentum around key concepts, there remained confusion around impact investing and its benefits. To help address misunderstandings around impact investing, Tideline worked with the MacArthur Foundation to build consensus and momentum for "catalytic capital" investing. Tideline also worked with Impact Capital Managers (ICM) to help clarify the misconception that impact investments are inherently concessionary.

#### Working across the spectrum of capital

The production of industry-defining research established Tideline's market expertise in working across the spectrum of capital, with *Catalytic Capital* and *The Alpha in Impact* representing the two ends of impact investing's capital continuum.

#### Supported by the MacArthur Foundation, Tideline publishes Catalytic Capital

#### MacArthur Foundation



To help address misunderstandings around impact investing, Tideline worked with the John D. & Catherine T. MacArthur Foundation to create a common understanding of the need for and approaches to "catalytic capital"—or capital that carries disproportionate risk and/or concessionary returns in exchange

for the capacity to generate positive impactinvestments. The report identified catalytic capital's various purposes, such as filling financing gaps, enabling third-party investment, and generating impact that would not otherwise have happened.

### Tideline and Impact Capital Managers publish The Alpha in Impact





Tideline partnered with ICM, a network of 35 (today over 120) private fund managers committed to market-rate impact investing, to identify, analyze, and communicate the ways in which operating with an impact objective adds financial value for investors, fund managers, and their investees. The first-of-its-kind report identified

10 unique drivers of "impact alpha" and documented companies outperforming financially for reasons related to impact, ranging from leveraging impact expertise to develop more effective businesses to identifying overlooked investment opportunities.

"Tideline's role in demystifying impact management practice has been a huge contribution to the field, enabling investors to be comfortable with goal setting and embedding impact into strategy. Tideline's ability to be incredibly tactical and practical has been particularly helpful...translating something seemingly not that intuitive into a readily implementable approach."

#### ELIZABETH BOGGS DAVIDSEN

#### Fortifying impact integrity

From fall 2018 to spring 2019, the introduction of the Operating Principles for Impact Management (the "Impact Principles"), facilitated by the International Finance Corporation, underscored the importance of third-party impact assurance to creating a principled market. With 179 investor signatories to date dedicated to "establishing a common discipline around the management of investments for impact," the Impact Principles provide guidance on what it means to invest for impact. Importantly, the final principle requires that signatories publicly disclose and independently verify their alignment with the Impact Principles on a regular basis, creating a gap in the marketplace for impact verification services.

### LeapFrog announces Tideline verification against Operating Principles for Impact Management



In the fall of 2019, Tideline worked with LeapFrog Investments to complete the firm's verification against the Impact Principles.

LeapFrog was a key partner in the creation of the Principles and, as the first to be publicly verified, shared their investment policies, tools, memoranda, data inputs, and impact performance reporting as part of the process. Tideline assessed LeapFrog to be a "strong example of industry best practice," with its IM system achieving "an advanced level of alignment across the board for all nine of the Principles." This first example of best practice by LeapFrog strengthened the credibility of the Impact Principles, helping to make the case that impact verification should be a field norm.

"As the first to be verified against the Impact Principles, I and LeapFrog appreciate the vigour and robustness of Tideline's processes, which continue to be the gold standard. As Impact Investing scales, the work of partners such as Tideline is paramount to ensure that the industry grows with integrity and continues to create the best outcomes for all."

ANDY KUPER

# Scaling Impact with Integrity: The Launch of BlueMark

B L U E/M A R K

By the spring of 2020, Tideline had completed its 13th verification against the Operating Principles for Impact Management and published the inaugural *Making the* 

Mark report (the 2023 and fourth annual report can be found here), which analyzed

verification data and provided high-level results and takeaways on existing impact management practices. The report also established the first benchmark for impact management practices.

During this period, Tideline recognized the need for verifying investors' impact practices to foster greater transparency, consistency, and accountability in the impact investing market. This insight generated momentum for Tideline's in-

"We started the verification process with opened eyes and ended it with wiser eyes. We learned how much more we can do in this journey, as striving for excellence in our own impact practices is not a sprint hut a marathon."

MARIA TERESA ZAPPIA

Deputy CEO | BlueOrchard

cubation and spin-out of BlueMark, an independent firm providing impact verification services to both investors and businesses. This pivotal step significantly influ-

"Tideline has long been a pioneer in the impact investing space, and this new verification business represents the next frontier and a much-needed step in the evolution of this industry."

MARIA KOZLOSKI

Senior Vice President | Innovative Finance at The Rockefeller Foundation

enced the course of the impact investing market, providing an antidote to the threat of "impact washing." With public research support from The Rockefeller Foundation, and seed financing from Ford Foundation and Radicle Impact, BlueMark's launch formally separated the verification business from Tideline's consulting business.

#### BlueMark Today

Today, BlueMark has established itself as the leading provider of independent impact verification and intelligence in the impact and sustainable investing market. BlueMark's verifications empower investors by offering insights into how to improve their impact management and reporting, aligning with shifting market standards and regulations, and building trust with key stakeholders. BlueMark works with clients across asset classes and impact themes, leveraging industry expertise, data, and market insights to provide clients with peer benchmarking and actionable recommendations for practice improvement.

In 2023, BlueMark raised \$10 Million in Series A financing, led by S&P Global, along with investments from Ford Foundation, Temasek Trust, Radicle Impact, Blue Haven Initiative, Tsao Family Office, and Gunung Capital, to accelerate adoption of its market-leading impact verification services, benchmarks, and analytics.

\$230 billion 9.2

Ifications completed impact assets verified Net promoter:

BlueMark's launch signaled an important transition for Tideline, supporting the firm's continued core focus on helping clients create, enhance, and communicate their impact strategy. And while the two companies are standalone organizations today, they maintain a strong relationship through a shared vision, operations, finance, and HR team, New York City office, company retreats, and select joint project engagements. The businesses are also connected in their commitment to upholding impact integrity—BlueMark through its third-party verifications and Tideline through enabling clients to implement IM with greater rigor and transparency.

#### **Timeline**

TIDELINE

MARKET

2021

Publishes Truth in Impact: A Tideline Guide to Using the Impact Investing Label EU Taxonomy and the Sustainable Finance Disclosure Regulation (SFDR) are introduced within the European markets to eliminate greenand impact-washing within investment products

2022

Completes 150th client engagement

Publishes Truth in Climate Impact: A Tideline Guide to Best Impact Management and Labeling Practices

Impact investing market surpasses \$1 trillion mark<sup>7</sup>

2023

Partners with Multiplier Advisors to service health investors

Creates a Community
Agreement, memorializing
the firm's culture and
norms, both internally and
externally

Advises UNICEF and UNICEF USA on the Child-Lens Investing Framework a report laying the foundations for the emergent field of child-lens investing

In partnership with ICM, initiates research on New Frontiers in Value Creation, providing guidance on best practices during the impact investment holding period

Completes 200th client

BlueMark surpasses 145 verifications and raises \$10 million in Series A financing

The International Sustainability Standards Board (ISSB) launches its first set of reporting standards 4

Institutionalization

# Coalescing Practice Standards

2020 - 2023

Investors operating across the spectrum of capital, investment themes, and geographies partnered with Tideline to create tailored IM tools and resources

Market Size \$1.16 trillion<sup>8</sup>

Key Market Question

How can impact investing progress as a principled discipline while also enabling investor customization?

Tideline today serves a growing and increasingly diverse market. New investor types—such as healthcare systems, non-governmental organizations, and corporations—are now active participants in the impact investing market, seeking support and guidance on the fundamentals of IM. In parallel, experienced impact investors are scaling, innovating, and enhancing their impact practices. In working with both new entrants and experienced practitioners, we have deepened our expertise and innovated our service offerings.

As part of the market's evolution and institutionalization, impact investments are now being made across sectors, asset classes and themes. We believe this is indicative of a paradigm shift, in which impact investing is seen not as an "alternative" or niche investment approach, but instead as a tested and proven discipline.

#### Investing to promote social equity

Investors are increasingly participating in social justice movements—collaborating with governments, civil society, academia, and other activist organizations to promote equity and inclusion around the world. Recognizing this, Tideline continues to educate and upskill its team on DE&I, while also progressively sharing our learnings with clients and participating in the creation of new approaches to inclusive and equitable investing. We partner with clients to develop impact systems that seek to better understand, target, and reach underserved communities and groups around the world.

Clients are also developing or strengthening IM systems focused on more targeted themes, such as affordable housing. Supporting this interest is the emergence of impact lenses, such as those focused on issues related to gender, racial equity, disability, refugees, and children. We are inspired by our partners, who are continuously innovating their approaches and seeking to enhance strategies for advancing social equity in a holistic way—such as by targeting diverse GPs, providing unconscious bias training, or expanding use of employee-owned business models. The table on the following page provides a sampling of Tideline's recent work on various social equity themes.



Focus

Affordable Housing

In partnership with Jonathan Rose Companies, a national owner/operator of affordable housing with a deep focus on building and preserving green, services rich communities, Tideline built a suite of IM tools to support the investment lifecycle. This includes a robust screening protocol, data-driven ratings framework, rigorous monitoring system, and responsible exit methodology.



Focus

Child-lens investing

Tideline partnered with UNICEF and UNICEF USA to develop the Child-Lens Investing Framework (CLIF) - as well as an accompanying private markets Investor Toolkit, case studies, and an investor cohort program - to encourage investors, asset owners, regulators, standard setters, and other stakeholders to promote a present and future fit for the next generation.



Multi-level systems change

Tideline evaluated the WKKF's Mission Driven Investment program over a 5-year period, developing a framework and report to analyze the program's strengths and opportunities, ultimately helping to inform the program's forward-looking approach to enabling children, families, and communities to thrive.

"Tideline was the perfect partner to conduct the five-year evaluation of our Mission Driven Investment Program. They're experts in the field and they ask the right, forward thinking questions to help us further refine our investments strategy for the decade ahead."

CYNTHIA MULLER

Director of Mission Investment | W.K. Kellogg Foundation



Underserved communities and advancing greater equity in VC

Tideline supported the Citi Impact Fund (CIF), which invests to solve challenges disproportionately impacting underserved communities, to help refine its overarching impact investing strategy and approach, including its differentiated value-add and impact measurement and management framework. To bolster CIF's commitment to investing in historically undercapitalized founders, Tideline and Citi codeveloped an inclusive investing framework to systematically surface and address the potential for bias in the venture capital investment process.

"The Citi Impact Fund's mission is to invest in systems-change, increasing access, affordability and inclusion for underserved communities. Through tailored recommendations across the core areas of our impact strategy, Tideline's invaluable guidance helped position our fund for its next phase of impact."

MEREDITH SHIELDS

Head of the Citi Impact Fund | Citi

#### Growth in climate investing

Similar to our observations on social equity investing, we also recognized momentous growth in the number of clients seeking to advance their climate investing strategies and practices. In response to this growing interest, Tideline published *Truth in Climate Impact* in 2022—which has been downloaded over 1,300 times. Tideline has also worked with over 70 climate investors seeking to contribute to decarbonization, climate adaptation, the transition to a circular economy, and bolstering climate resiliency. Through these engagements, Tideline tailored its standard, proprietary IM systems to align to both impact and climate industry best practices—supporting clients in navigating the increasingly technical language, frameworks, and regulations that comprise the climate landscape. Tideline is also leveraging partnerships to enhance our climate capabilities.

Tideline advises Brookfield Asset Management on the launch of the largest private impact fund to date (2020)

Brookfield Asset Management, one of the world's largest asset managers and a leader in renewable energy development, sought to refine its impact strategy and design a robust IM system ahead of the launch of its first impact fund. Tideline worked in close collaboration with Brookfield to refine the initial investment strategy concept and corresponding climate impact thesis. Considering the firm's existing investor capabilities and its climate impact goals, Tideline partnered with Brookfield to combine relevant impact management and climate frameworks to create a suite of bespoke screening, planning, management, and measurement tools to support the new vehicle across the investment lifecycle.

Brookfield raised \$15 billion for its inaugural Global Transition Fund supporting the net zero transition and is currently fundraising for Fund II.

As discussed on page 55, Tideline's work with Rho Impact, a best-in-class impact forecasting data and tool provider, helps to ensure that clients have the resources needed to confidently understand the potential impact of climate investments, through utilization of tools and processes such as emissions reduction potential (ERP) analysis.

#### Global partnership building

As the impact investing market matures, Tideline has fostered strong relationships with an increasing number of clients to serve as a long-term impact partner. Generally meeting these clients early on in their impact journeys, Tideline has continued to support these leading institutional investors throughout their funds' impact lifecycles. We are grateful for these relationships, which enable us to delve deeper into the implementation of, enhancements to, and reporting of impact investing practices throughout the investment lifecycle.

#### Avenue Capital Group's Sustainable Solutions Strategy



Tideline partnered with Avenue Capital Group, a global investment firm with assets under management of approximately \$12.5 billion (as of September 30, 2023), to launch its first environmental impact vehicle, the Avenue Sustainable Solutions Fund (ASSF).

ASSF seeks credit-oriented investments primarily in private, middle-market companies and related projects that may advance environmental impact themes while generating attractive risk-adjusted returns and current income. After co-creating ASSF's Impact Management system and following the ASSF's launch, Tideline has continued to provide ongoing impact advisory services, including Impact and ESG due diligence and analysis for each investment over the life of the fund.

#### J.P. Morgan's \$150 Million Global Impact Fund

As part of the J.P. Morgan private bank's ("JPM") strategy to expand its sustainable investing offerings for wealth management clients, JPM partnered with Tideline to assist in designing a rules-based Impact Management system to guide underlying manager selection, investor contribution, and impact reporting process for advised JPM global impact products invest-

#### (continued from page 39)

ing in underlying third-party managed vehicles that in turn target investing for Inclusive Growth, Climate Solutions, and Health and Wellness while targeting diverse managers. Post-close, Tideline continues to work with JPM, namely via the development of an impact report and refinements to adapt the initial Impact Management system to align to evolving market standards and best practices.

#### Palisade Impact—Australia's largest direct impact investment fund

support to Palisade to assess investments against Palisade's impact pillars. As a firm first, Tideline also took an equity stake in Palisade Impact, reflecting the strong partnership and trust between the firms.



Palisade Impact, a global infrastructure manager based in Australia, partnered with Tideline to develop a robust IM system for its inaugural impact fund, Palisade Impact Fund. The fund is a mid-market next generation infrastructure strategy in the Australasian region driving the race to zero—which entails zero emissions, zero waste, and zero inequality. Following the development of the IM strategy, Tideline provides ongoing due diligence

#### Temasek engaged Tideline to support the launch of a discrete allocation to impact investing focused on meeting the needs of underserved

Temasek engaged Tideline to support the refinement and implementation of a best-in-class approach to IM for an allocation to well-performing impact funds and direct impact investments. The allocation targets investments that empower underserved and low-income beneficiaries in emerging economies globally in financial inclusion, healthcare, education, food systems, and employment. Tideline helped validate Temasek's impact goals and develop a rules-based approach to consistent impact management. Tideline continued as a partner to Temasek for two years, meeting discrete diligence and research needs.

We are excited to see investors continue to push the scale and efficacy of impact capital in new directions and look forward to more opportunities to sharpen and innovate our practice apace with partners.



# Reflections on our First Decade

### Building a Sustainable Consulting Business

Even as Tideline has grown, we have remained squarely focused on our commitment to being a partner to our clients who are ultimately directing capital to investments that contribute to a more just society and thriving planet. The following factors have contributed to the sustainability of our work and of the company.

#### Firm strategy and culture

Intentional growth: Tideline has pursued an intentional growth strategy, prioritizing innovation and maintenance of a strong reputation, which has yielded more sustainable and meaningful growth outcomes for the firm. We are selective with our client pipeline – pursuing a mix of engagements that provide the opportunity for shared learning and market institutionalization.

Leveraging specialist partnerships: As individual impact investors and the field as a whole orient towards progressively higher levels of impact depth, Tideline has significantly invested in upskilling its staff in more specialized areas of impact, such as climate, social determinants of health (SDOH), and racial equity investing. However, we also recognize the importance of maintaining a broad view of many impact investing domains. As such, we have leveraged strategic partnerships that allow us to amply support our clients without an overextension of our core practice (see page 55).

Balancing work with wellness: As a consultancy, people are Tideline's greatest asset. Consulting—commonly associated with demanding and fast-paced work —requires a significant degree of creativity and innovation from our employees, which can diminish if their well-being is not prioritized. To this end, we have implemented several initiatives aimed at fostering a work environment that supports em-

ployee wellness. These include: creating a Wellness Committee and administering regular "wellness surveys"; implementing a four-day work week every-other week and internal Fridays (days dedicated to internal projects, focused learnings, and trainings); and creating a Community Agreement (see page 51) to prioritize putting impact at the center of all we do.

#### Client engagements

Trust and honesty: Tideline consultants ground our partnerships in an unyielding commitment to openness and integrity in impact. We believe in being honest with clients and in having transparent conversations on what comprises authentic impact intentionality, contribution, and measurement.

Commitment to impact: Some clients enter engagements with extensive track records in impact investing, whereas others are earlier on in their journeys. It is not prior experience, but instead depth of impact commitment that influences project quality most, irrespective of stage, asset class, institutional type or thematic focus.

Clear expectations setting: We recognize that openness and robust communication with clients are vital to our success as a service provider. Honest conversations throughout our client engagements enable us to ensure that we can consistently deliver work of a high caliber and nurture trusting, long-standing client partnerships while simultaneously building a healthy work environment for our employees.

#### Ecosystem building

Elevating clients to advance the market: Tideline has a bird's eye view on the market and considerable convening power. We are privileged to be able to uplift the work of others through our thought leadership and market contributions. We do this out of the belief that these efforts can push the field forward by encouraging greater transparency and providing concrete examples of what it means to invest for impact.

#### Celebrating Client & Partner Achievements

We are humbled by the impact of our clients and partners and are proud to share a selection of their key achievements over the last decade.

#### Franklin Templeton

launches Social Infrastructure Strategy, the firm's first impactinvestment strategy

(2018)

MacArthur Foundation commits \$150M in catalytic capital to address critical social challenges; joined in this effort by The Rockefeller Foundation and Omidyar Network

(2019)

J.P. Morgan Private Bank

closes its inaugural Global Impact Fund with a raise of more than \$150M

(2021)

**Temasek** and **LeapFrog Investments** initiate a \$500M multi-fund partnership—the largest ever commitment to an impact investor CASE at Duke University, in partnership with UNDP, launches "Impact Measurement & Management for the SDGs," a course module with +25,000 learners across 8 languages (2021)

The Retail Employees Superannuation Trust (Rest) set a 5-year target to allocate 1% of funds under management to impact investments by 2026.

**Brookfield** raises a record \$15B for its Inaugural Global Transition Fund (2022)

**Palisade Impact** hits an A\$400M first close for its inaugural impact fund, the Palisade Impact Fund
(2022)

**Citi** more than triples its initial commitment to the Citi Impact Fund to \$500M

2022)

The Expanding Black Business
Credit Initiative closes \$29M for
the Black Vision Fund
(2022)

**Guy's & St Thomas' Foundation** expands their impact investment commitments from \$22M to \$100M

**Ford Foundation** publicizes the strong performance of its MRI program to date

Gunung Capital commits \$500M to the transition towards the green economy including companies that are focused on industrial decarbonization, transition minerals and energy transition

**TPG's Rise** platform surpasses \$18B in AUM (2023)

**Sandbrook Capital** closes its inaugural climate infrastructure fund at \$1.5B



As we move into our tenth year as a trusted advisor to hundreds of clients, we not only reflect on our achievements, but also look forward to a future filled with possibility. As the first half of this Milestone Report documents, the focus of Tideline's past 10 years has been on both scaling the impact investing market and our business to meet client demands. Today, we are proud to stand as a firm comprised of an exceptionally talented and diverse team working with clients across the globe, an independent sister company, and an established track record of partnership.

We also recognize that there remains considerable work ahead of us to harness the power of the global capital markets to create a world in which both people and the planet can prosper. The gap to finance the SDGs by 2030 is only widening, and signs that we are pushing our planetary systems into dangerous levels of instability are growing by the day. The need for impact is more apparent now than ever, and we are poised to support the expansion of the impact investing discipline to new markets, to support its adoption by new actors, and to facilitate increasing levels of innovation and depth in investor practice.

In parallel, as we reflect on the past decade, we have become more convinced of our differentiated value-add as an impact advisor: our independence; our capacity as a small firm to act nimbly; our highly specialized expertise; and our culture. Thus, as we continue with determination to support investors in mobilizing capital at the scale needed to address the world's most pressing needs, we are also thinking carefully about how to do so in a way that is aligned to our commitment to integrity and authenticity.

We do not have the perfect blueprint for how to accomplish this. However, we are unreservedly committed to the learning journey of growing an enterprise that can balance creating outsized impact on the market, supporting a growing client base, maintaining financial sustainability, and deepening a culture of inclusivity and wellness. This is out of our increasing recognition that impact lies not just in the

quality of our services and thought leadership, but in how we conduct ourselves as individuals, as a team, and as a member of the impact investing community.

We are confident that exceptional consulting services can coexist alongside a culture of mutual care and respect—a new, essential phase of our journey defined by the words "Centering Impact." This next phase of Tideline will be built on the practical understanding that people and partnerships are a consulting business' biggest assets. Impact starts from within, and we believe in the importance of increased focus on how individuals and groups treat each other and the world around them.

We know that the journey of "Centering Impact" will be long and unpredictable, and we welcome others to share feedback and lessons learned with us as we balance our twin desires to grow the impact investing market further while enhancing what differentiates and defines us as a firm. The following sections are an overview of the building blocks that comprise the foundation of this essential experiment. We share select elements of the commitments that comprise our Impact Core and how we seek to drive impact with integrity in the market at scale.

# Impact Core

Over the past year, Tideline has made strides in establishing a set of key commitments, policies, and practices to comprise our "Impact Core," which reinforce our key values of wellness, mutual care, and respect. They capture the essence of what differentiates Tideline from many other professional services firms. Below, we share portions of two documents—the Community Agreement and DE&I Statement—and select internal initiatives with the goal of shedding light on our journey thus far, and to hold ourselves accountable to our commitments and intentions.

Our thesis is that by nurturing a more potent, creative workforce, we can shepherd clients in their own impact journeys more incisively. We are committed to continuing to innovate at the edges of impact, while also providing to the market an aspirational model of what a more regenerative business can look like.

### Community Agreement

In alignment with the principles of Emergent Strategy, coined by thinker and social activist Adrenne Maree Brown, Tideliners co-created the following Community Agreement in the spring and summer of 2023 to enshrine the values, norms, and practices that guide us towards becoming the company we want to be. While we understand the agreement to be aspirational, we seek to implement it in all areas of our work, including in how we engage with each other as teammates, conduct our business operations, and work with clients. We share the full text of the Community Agreement on the following page.

The drafting and signing of the Community Agreement was followed by the establishment of several related task forces that are responsible for its implementation: Feedback, Transparency, and Wellness. Additionally, in the spring of 2023, Tideline and BlueMark launched a cross-firm Wellness Committee, which is charged with advancing policies, processes, and practices that support employees' mental, physical, and emotional health.

The firm has rolled out a series of wellness-promoting benefits in the past few years. These include the introduction of "Free Fridays," through which employees can enjoy a 4-day workweek every other week; a wellness stipend; and "Wellness Pulse Checks" administered monthly to monitor how work is affecting employees' health. The results of these surveys are used to inform business development and staffing decisions and are followed up with more extensive quarterly surveys to diagnose factors contributing to or detracting from firm vitality.

We believe that honoring this living agreement is as important as our project work in its capacity to create a community of change-makers, inspire others, and subsequently catalyze systems change.

Tideline promotes its culture and relationships; growth and learning; well-being and rest; and integrity, transparency, and accountability through the following commitments:

#### Company culture and relationships

- We see each other as human beings first and employees second seeking to foster a work
  environment characterized by purpose and passion, an unwavering commitment to
  DE&I, mutual care and respect, and joy and humor.
- 2. We nurture a culture of creativity at Tideline making space to celebrate and nurture collective brilliance and encouraging team members to experiment and share new ideas
- We approach each other with a spirit of collaboration practicing open communication, bonesty, and transparency in company decisions, both small and large.

#### Growth and learning

- 4. We empower each other to grow as both people and professionals ensuring that all Tideliners can safely make mistakes and learn from and challenge each other.
- 5. We promote learning by taking opportunities to slow down, process, and collectively reflect on our work ensuring that we are growing in a sustainable and intentional manner, relishing in our achievements, and challenging processes that inhibit development.

#### Well-being and rest

- We rest not to increase our productivity, but because it is essential to our humanity and collective well-being – bolding ourselves mutually accountable in promoting individual and company-level wellness.
- 7. We trust and support each other to meet our commitments to Tideline respecting boundaries and creating the conditions for team members to pursue the fullest realization of what the relationship between work and life means to each of us.

#### Integrity, transparency, and accountability

- 8. We view honesty and transparency as vital striving to create equitable, multi-directional, and inclusive avenues for providing feedback and to foster dialogue with mindfulness of individuals' comfort and communication styles
- 9. We hold ourselves accountable to our clients listening actively, supporting them in thinking deeply about impact, and providing work of the highest quality to fuel their impact journeys.
- 10. We set a high bar for impact integrity grounding our client partnerships in an ethic of bushing for ever greater degrees of intentionality, contribution, and measurement

### Diversity, Equity & Inclusion

Following the unjust murders of Ahmaud Arbery, Breonna Taylor, and George Floyd in 2020, Tide-line established a DE&I Working Group to facilitate internal learning; develop resources on and support integration of more just practices within the firm's operations; and explore how equity and inclusion can be embedded within our client service offerings. To capture our enduring commitment to DE&I, the Working Group finalized a joint Tideline-BlueMark DE&I Statement in early 2023, which details how DE&I is integrated into how we work together as teammates, as an employer, and as a trusted partner with clients and stakeholders across the capital markets.

The DE&I Statement is comprised of a series of evergreen intentions—captured in the DE&I statement on the following page—as well as a list of concrete actions and commitments to be regularly updated.

We recognize that Tideline has a privileged opportunity to guide our clients towards contributing towards a more just society by making investment decisions that enable more equitable access to wealth and opportunities for populations that have been historically excluded by the financial sector. Thus, we endeavor to place these principles at the heart of all our actions — holding ourselves to a high standard not just in the quality of our work, but in the integrity and fairness of our actions.

Promoting and supporting diversity on our team is one integral piece of the puzzle and we are working to do this through our hiring practices and several of the other initiatives described as part of this report. At the time of publication, 64% of the Tideline team identify as female, and 21% as Black, Indigenous or Persons of Color.

The above represents only a selection of initiatives comprising Tideline's Impact Core to-date. We will continue to add to, iterate on, and refine our Impact Core in the years to come. As our team changes over time—welcoming new entrants and facilitating existing staff's growth into new opportunities—it is our hope that our impact ethos reverberates through the market. We look forward to sharing more on our impact journey soon and welcome feedback.

#### **Diversity**

We understand diversity in race, gender, ethnicity, sexual identity, socioeconomic status, age, ability, religion, and political philosophy to be vital to the health and strength of our firm and of wider society. We therefore make holistic efforts to invite and nurture diversity within our firm and in our client work.

#### Equity

We maintain a clear-eyed consciousness of the structural nature of inequality and the lived consequences of oppression. We strive to unearth and dismantle the root causes of disparity that lie within the capital markets and our firm.

#### *Inclusion*

Embracing new ways of working and thinking, we create supportive spaces and opportunities that allow all individuals to meaningfully participate in decision-making. We promote a culture of inclusion grounded in community, integrity, empowerment, and adaptability.

# Our Next Decade of Service

Continuing to build on our 10-year foundation of impact practice, we seek to remain a central actor in the growth of the impact investing field—working with increasingly diverse stakeholders, expanding to new markets, and pushing the boundaries of impact practice. Often, this will entail leveraging new modalities of service delivery and strategic partnerships.

Our next decade of service will be defined by three core concepts—Extending, Deepening, and Catalyzing—which are described below.

#### Extending

The impact investing market is experiencing a global bloom, with demonstrable impact momentum in emerging markets such as South and East Asia.

Leveraging our early experience in building the

Extending

Catalyzing

Deepening

impact investing discipline, we believe we have a formative role to play in encouraging its principled expansion. However, recognizing the risks in overextending our firm and the importance of localized solutions, we intend to meet this burgeoning demand through the use of tech-enabled, replicable strategies

through which we can share knowledge at scale; and through partnerships, thought leadership, and other platforms to meaningfully democratize access to Tideline's knowledge.

#### Deepening

Over the past several years, the impact investing field has simultaneously witnessed the entry of new investor types (e.g., healthcare institutions and NGOs) and the emergence of new areas of impact specialization (e.g., impact lenses and climate). Tideline has played an important role in developing the infrastructure for these new practice areas, and we look forward to deepening our expertise in the years to come.

However, recognizing our value as an impact investing specialist more broadly, our expectation is to leverage strategic partnerships to meet the market's demand for increasing levels of impact depth and technical specialization. In our quest for excellence, we have discovered that collaborating with industry experts as advisors is the most efficient way to ensure the highest caliber of output. Our current relationships include:

#### RHOIMPACT RI

Rho Impact addresses key barriers and empowers investors and operators to make sustainable investment and busi-

ness decisions. Rho's experience with avoided emissions and emissions reduction forecasting for early-stage ventures enables investors to reliably forecast the effectiveness of enterprise climate change interventions. To that end, Rho Impact aims to simplify the impact planning, tracking, and reporting process.

Tideline and Rho Impact have collaborated on numerous engagements over the last several years, developing emissions-focused strategies for some of the world's largest climate impact funds.



Multiplier Advisors is a national health impact consultant helping health companies advance social deter-

minants of health (SDOH) alongside financial priorities by aligning existing and potential assets to improve health. Multiplier supports SDOH-focused health impact investors throughout the strategy process and specializes in working with health systems and insurers, health-focused foundations, healthcare organizations, and other SDOH-focused impact investors.

Together, Multiplier and Tideline bridge the gap between the healthcare and impact investing industries to unlock latent healthcare capital for impact. The firms bring complementary expertise, networks, and capacity, and have already successfully collaborated on several client projects.

real

The Racial Equity Asset Lab (The REAL) is a social enterprise combining field-building and advising to promote shared prosperity for

all. The REAL works to bring justice to capital by challenging the policies, practices, and cultural norms upholding inequitable financial systems of advantage and disadvantage in the United States. The REAL seeks to support diverse investor institutions in implementing a racial equity lens in their work through the provision of tangible, actionable interventions.

Tideline and the REAL see an opportunity to bring greater coherency and reinvigorate momentum within the racial equity investing field and market. Together, the firms will leverage their shared expertise in translating impact intent into action to assist investors in practically implementing racial equity lenses within their impact approaches.

#### Catalyzing

Throughout our 10 years of operation, Tideline has produced industry-shaping research that has defined our and the market's standard of excellence and catalyzed practice innovation. In our next 10 years, we plan to continue to push the boundaries of impact practice through the sharing of thought leadership and the development of new products and service platforms to fill distinct market gaps, as Tideline had most notably done with the launch in 2020 of BlueMark.



# Our Message to the Field

# Impact investing beginners: The time is now. Don't let your desire for perfection stop you from getting started.

Given the nature of financial institutions, we find the desire for perfection can often get in the way of meaningful growth. Although the market has made significant progress over the past decade in respect to measurement, standardization, and transparency, the "impact" in impact investing is and will not be as clear cut as measuring and reporting financial performance. We admire clients that seek to holistically measure the impact of an investment, but investors should recognize that calculating the social and environmental impacts of an investment is not as concrete or precise as reporting a financial return on investment. In an over-engineered impact management system, one can lose the flexibility needed to make adjustments based off learnings and there is the added risk of losing sight of the end-beneficiaries being served.

The time to start investing for impact is now. The cost of inaction is significant and the journey toward a goal is marked by learning, adaption, and progress.

## Intermediate impact investor: Reflect on progress and share learnings.

In the impact investing industry, transparency and the sharing of learnings paves the way for collective progress and catalyzes field growth. Impact investing's potential to drive positive change hinges on a shared understanding of best practices and conversations around challenges, successes, and lessons learned. Collaboration not only encourages the deployment of responsible capital but also empowers a broader range of stakeholders to embark on their own impact journeys, collectively contributing to a more sustainable and equitable future.

Share case studies, have your impact management practices or data verified by an expert third-party, and be open about sharing your progress and lessons learned with the market.

## Advanced impact investors: Continue to pave the way through experimentation and innovation.

In the ever-evolving landscape of impact, it is imperative that advanced practitioners remain steadfast in their commitment to pushing the boundaries of impact investing. By seeking innovation, you not only solidify your mastery of impact investing, but also catalyze field growth, identifying new pathways to reach the underserved and protect the planet.

Continue to push the boundaries to change the way capital is invested. Explore ways to enhance your IM approaches—Tideline is particularly eager to help investors elevate impact transparency, stakeholder engagement, impact data management, and defined approaches to investor contribution.





### Glossary

ABC framework

An impact investing framework hosted by Impact Frontiers for classifying enterprises' impact (i.e., "impact classes") based on their high-level impact intentions: acting to avoid harm, benefiting stakeholders, and contributing to solutions.

Catalytic capital

Per the Catalytic Capital Consortium, debt, equity, guarantees, or other investments that accept disproportionate risk and/or concessionary returns relative to a conventional investment to generate positive impact and enable third-party investment that otherwise would not be possible.

Child-lens investing (CLI)

Per UNICEF and UNICEF USA, child-lens investing is an approach to socially responsible investing in which investors intentionally consider child-related factors to advance positive child outcomes while minimizing child harm.9

Concessionary capital

Impact financing that offers more favorable terms than commercial capital, typically at below-market rates.

Diversity, equity, & inclusion

A collection of policies, practices, and actions taken to ensure that individuals of all backgrounds – with emphasis on those historically excluded – are provided equitable and fair access to opportunity, support, and redress.

Donor-advised fund (DAF)

An investment vehicle maintained and operated by a non-for-profit sponsoring organization funded through charitable contributions by individual donors. While donated funds are legally controlled by the sponsoring organization, donors retain advisor privileges over the funds' distribution and investment.

Impact

In the context of this report, "impact" generally refers to positive social or environmental outcomes, typically associated with intentional investment for selected causes

Impact integrity

The quality of approaching the discipline of impact investing with the intention of advancing positive environmental and social change and safeguarding practice from influence that may undermine it.

Impact investment

For the purposes of this report we will use the definition presented alongside the Principles, which defines impact investments as "investments into companies or organizations with the intent to contribute to measurable positive social or environmental impact, alongside financial returns." 10

Impact investor

In the context of this report, the term "impact investor" is used as an overarching term to describe both asset owners and asset managers who may be investing to achieve defined social and/or environmental benefits. Impact investors can pursue a wide range of returns.

Impact management (IM)

Impact management (IM), or impact measurement & management (IMM), refer to a practice of "learning about—and improving—effects experienced by people and planet." For this report, we will only use the term "impact management" (IM). 11

Impact management system

An impact management system is a series of tools that ensure an organization is identifying, assessing and monitoring the social and environmental impacts of its investments, from sourcing through exit

Impact thesis

Also known as a "theory of change," a framework for articulating how an investment vehicle or transaction generates impact – typically articulating the social or environmental challenge at hand, investor actions taken to respond to it, and anticipated impact outcomes.

Impact verification

Per BlueMark, "the assessment of an investor's impact management practices or impact performance against specific industry standards..." by a third-party service provider. These include OPIM and the SDGs. Practice verifications entail the assessment of an investor's IM practices throughout the investment process against an industry standard. Performance verifications entail evaluating an investor's impact reporting based on the four principles of relevance, completeness, comparability, and balance.<sup>12</sup>

Investor intentionality

The explicit targeting by an investor of specific social or environmental impact outcomes, such as the SDGs.

Investor contribution

An investor's playing a differentiated role to enhance the achievement of targeted social or environmental outcomes. Investor contribution can be in relation to both financial and non-financial support.

Investor measurement

An investor's monitoring and reporting of impact performance based on measurable inputs, outputs, and outcomes.

Mission-related investments (MRI)

Per MIE, "typically risk-adjusted or 'prudent,' market-rate investments made from [a] foundation's endowment...to advance a foundation's mission across asset class[es] and issue area[s]." 13

Operating Principles for Impact Management (OPIM)

OPIM (also referred to as the "Impact Principles") is "a framework for investors for the design and implementation of their impact management systems, ensuring that impact considerations are integrated throughout the investment lifecycle.<sup>14</sup>

Social determinants of health (SDOH)

Per the World Health Organization, "non-medical factors that influence health outcomes...[such as] the conditions in which people are born, grow, work, live, and age, and the wider set of forces and systems shaping the conditions of daily life." 15

Sustainable investing

A variety of investing approaches defined by the intention of promoting ethical and socially conscious themes and/or practices.

Sustainable Development Goals (SDGs)

A series of seventeen interconnected social and environmental objectives – also referred to as the "Global Goals" unanimously adopted by UN member states in 2015 as a universal and ambitious call to action for governments, civil society, and the private sector to end poverty, protect the planet, and ensure that all people can enjoy peace and prosperity by 2030.16

### Tideline: By the Numbers

#### Methodology

Impact capital AUM

To calculate the \$200B in impact capital deployed by Tideline clients, the Tideline team looked at each of the over 200 engagements that have been completed during the last 10 years. If Tideline advised on a specific fund/vehicle (as opposed to an overall platform or institution-level) the AUM of that fund is included in the impact capital calculation. If the final close amount was unavailable or unclear, those engagements were not included in the AUM calculation. Most likely, this leads to a conservative estimate of the actual AUM in impact capital deployed by Tideline clients.

Total AUM

Total Client AUM was calculated in a similar manner to impact capital AUM, but includes all assets (where totals were available) managed by Tideline clients for a total of over \$30T in AUM.

Project type

Every Tideline project is a bespoke engagement with a scope built to ensure the final deliverable aligns with the client's goals, place in the market, and stage as an impact investor. Impact strategy projects are focused specifically on strategic planning for impact investors, often those looking to build a practice, but do take place at all stages of the investment process. Projects classified as IM system implementation constitute the majority of Tideline's client work, and include everything from three to four week engagements to ongoing implementation partnerships. Thought leadership work includes market research, white papers, impact reporting and evaluation, and our more recent work focused on value creation.

Client type

In an effort to maintain the confidentiality agreements Tideline holds with many of our current and past clients, clients were determined to fit into the three buckets seen on page 19. Included in Impact specialist are: impact specialist asset managers, NGOs, nonprofits, CDFIs, networks, government agencies, and other investors. Included in Philanthropic are: large foundations and endowments, family offices, and small foundations. Included in Diversified are: commercial asset managers, diversified banking and financial institutions, general and life Insurance companies, corporate foundations, and pension/sovereign funds.

Asset class

Tideline works with clients across the spectrum of asset classes. Some clients work across multiple asset classes. In those instances, each asset class was included in the overall calculation.

Geography

The images on page 20 represent two versions of the geographic reach of Tideline's, and our clients' work. The larger, Earth graphic depicts the location of the headquarter location for each of Tideline's clients. The smaller wood grain image shows the diversity in approaches Tideline's clients take to investing their capital in either emerging or developed markets.

#### Citations

- 1 Global Outlook on Financing for Sustainable Development 2021, OED
- 2 See methodology appendix for an explanation of how TIdeline calculated these statistics
- 3 Global Impact Investing Network (GIIN), 2019
- 4 GIIN, 2020 Annual Impact Investor Survey
- 5 Global Impact Investing Network (GIIN), 2019
- 6 As of fall 2023
- 7 GIIN sight: Sizing the Impact Investing Market 2022
- 8 Global Impact Investing Network (GIIN), 2022
- 9 UNICEF (2023): Child-Lens Investing Framework
- $^{10}$  IFC (2019): Investing for Impact: Operating Principles for Impact Management.
- 11 Impact Management Project website: "Glossary Impact Management."
- 12 BlueMark website: Impact Verification
- 13 MIE (2023): An introduction to Mission-Related Investments
- 14 IFC (2019): Investing for Impact: Operating Principles for Impact Management
- 15 WHO (2023): Social Determinants of Health
- 16 United Nations website: The Sustainable Development Agenda





