

Building consensus on impact measurement and management

Social Impact Day, Tokyo

July, 2019



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... A forum for building consensus

Since 2016, the Impact Management Project (IMP) has brought together more than 2,000 practitioners to agree on the dimensions of performance that matter for impact measurement, management and reporting.

ADVISORS AND FUNDERS



ILLUSTRATIVE CONTRIBUTING AUTHORS





Where have we been?

- Over the last three decades, it was customary for market actors to develop proprietary approaches to measuring and disclosing their impacts on people and the planet.
- Over the last few years, the level of participation globally in IMP has demonstrated a growing appetite for how we measure and disclosure our impact performance to become pre-competitive and resulted in shared fundamentals that show this to be possible.
- From 2016-18, the IMP facilitated a broad cross-section of the market to agree on the dimensions of performance, and related types of data, that are needed to account for impact.
- This is akin to financial markets, where a plethora of proprietary approaches to financial accounting eventually converged into IFRS and US-GAAP, which provide a shared conceptual framework and accompanying data standards that have become essential to the growth and efficiency of a global capital market.








What has been agreed so far

Consensus achieved to-date includes the following elements:

- 1. Five dimensions of impact:** Everything we do has impacts on people and the planet. To understand any impact, we need to understand five dimensions of performance: What, Who, How Much, Contribution and Risk.
- 2. Impact data categories:** To understand performance on each dimension, we need to measure and report specific categories of data.
- 3. ABC:** Data across the five dimensions of impact can be assessed as 'Acting to Avoid Harm', 'Benefitting Stakeholders' or 'Contributing to Solutions'. The total impact of an asset – or portfolio of assets – is the combination of its impacts on people and planet.
- 4. Investor contribution:** Investors can contribute to the impact of assets using four types of strategies, often in combination: (1) Signal that impact matters, (2) Engage actively, (3) Grow new and undersupplied capital markets and (4) Provide flexible capital.
- 5. Impact classes:** By combining the ABC assessment of the underlying asset(s) with the investor's contribution to impact, the impact class of an investment can be described and matched to the intentions and capabilities of different investors.

Five dimensions of impact

	Impact dimension	Questions to guide screening, measurement and rating
Everything we do has impacts on people and the planet.	 WHAT	What outcome occurs? Is it positive or negative? Is it important to the people or planet experiencing it?
An impact is a change in outcome that would likely not happen anyway.	 WHO	Who experiences the outcome? How underserved are they in relation to it?
To understand any impact, we need to understand five dimensions of performance.	 HOW MUCH	How much of the outcome occurs – in terms of how many people experience it, the degree of change and how long it lasts for?
	 CONTRIBUTION	What is the enterprise's contribution to the outcome, relative to what would likely happen anyway?
	 RISK	What is the risk to people and planet that impact does not occur as expected?



Using the **five dimensions** to understand SDG impact



WHAT

8.5.1

Average hourly earnings of female and male employees, by occupation, age and persons with disabilities

The impact of any organisation's practices or products varies according to context:



WHO

How **underserved** is the population experiencing the outcome?



HOW MUCH

- What is the **degree of change** experienced by the population?
- **How long** does the outcome last for?



CONTRIBUTION

How does that change **compare** to what the market would otherwise provide?








RISK

What is the **risk** to people and planet that impact does not occur as expected?

Impact data categories

To understand performance on each dimension of impact, we need to measure and report specific categories of data.

Dimension	Data Category	Description
 WHAT	Outcome level	The level of outcome experienced by the stakeholder when engaging with the enterprise
	Outcome threshold	The level of outcome that the stakeholder considers to be positive or 'good enough'. The threshold can be a nationally- or internationally-agreed standard.
	Importance of outcome to stakeholder	The stakeholder's view of whether the outcome they experience is important
 WHO	Baseline	The level of outcome experienced by the stakeholder prior to engaging with the enterprise
	Stakeholder characteristics	Socio-demographics and behavioural characteristics of the stakeholder
	Boundary	The area or location where the stakeholder experiences the outcome
 HOW MUCH	Scale	The number of individuals experiencing the outcome
	Depth	The degree of change experienced by the stakeholder
	Duration	The time period for which the stakeholder experiences the outcome
 CONTRIBUTION	Depth counterfactual	The estimated degree of change that would occur anyway for the stakeholder
	Duration counterfactual	The estimated time period that the outcome would last for anyway
 RISK	Risk type	The type of risk that impact is not as expected (see Appendix A)
	Risk level	The level of the risk









Worked Example

The Impact data categories shift us to measuring and reporting “sets of data” rather than scale metrics only

	IMPACT DATA CATEGORY	INDICATOR	VALUE	ANALYSIS
	SDG target and indicator	n/a	8.5.1	
□	a Outcome	Income per hour	£9.50	a / b = 9%
	b Outcome threshold	Living wage per hour	£8.75	
	Importance of the <outcome> to stakeholder	Survey results (5=very important)	Mean = 5	
○	Stakeholder	n/a	Employees	
	Boundary	Region, Country	North West, UK	
	c Baseline	Income per hour in prior period	£7.50	c / b = -14%
	d Scale	Total no. of employees	746	
≡	e Depth	Difference between outcome in period (a) and baseline (c)		a / c = 27%
	f Duration	Average tenure of employees (months)	38	
+	g Depth	Domiciliary care industry benchmark: average wage per hour	£8.28	a / g = 15%
	h Duration	Domiciliary care industry benchmark: average tenure of <employees> (months)	14	f / h = 171%
△	Type and level of risk	n/a	Evidence Risk, Low	





































The ABC of impact performance

Assessment of data across these five dimensions tells us if any effect is 'Acting to Avoid Harm', 'Benefitting Stakeholders' or 'Contributing to Solutions'.

Dimension	Data category	Acting to avoid harm	Benefitting stakeholders	Contributing to solutions 
 WHAT	Outcome level	Important negative outcome	Important positive outcome	Important positive outcome
	Outcome threshold			
	Relative importance of the outcome to the stakeholder			
 WHO	Baseline	Underserved	<i>Various</i>	Underserved
 HOW MUCH	Scale	<i>Various</i>	<i>Various</i>	For many and/or
	Depth	High degree of positive change	<i>Various</i>	High degree of positive change and/or
	Duration	<i>Various</i>	<i>Various</i>	Long-term
 CONTRIBUTION	Depth counterfactual	Likely same or better	Likely same or better	Likely better
	Duration counterfactual			
 RISK	Type and level of risk	<i>Various</i>	<i>Various</i>	<i>Various</i>

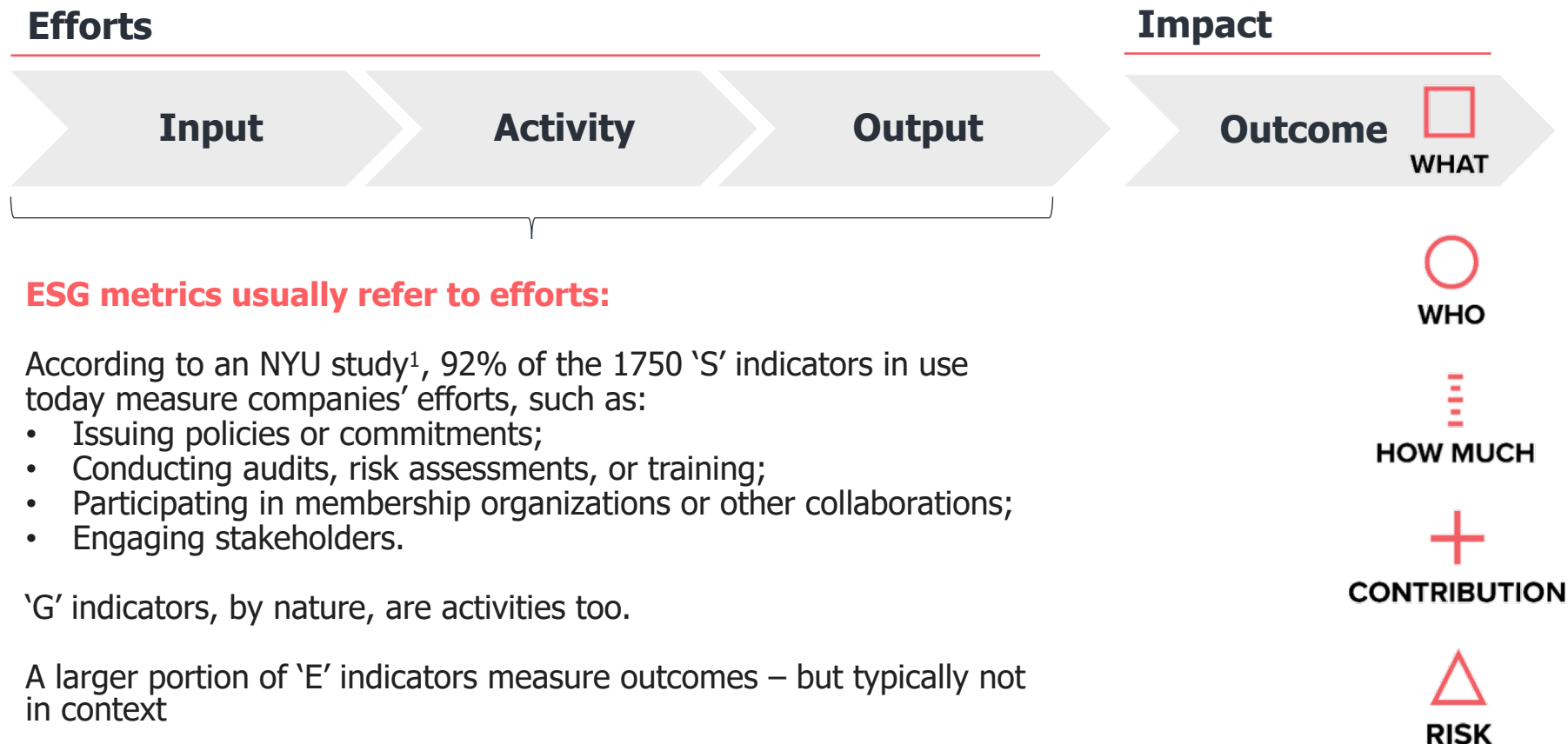
Enterprises typically have more than one impacts that matter

E.g. solar energy company:

'C' – Significantly improved respiratory health for customers 	'C' – Significant reduction in CO2 emissions for the planet	'B' – Some improvement in educational outcomes for a few customers	'B' – Hourly wages at or above local living wage level for direct employees	'A' – Significantly reduced battery waste due to re-cycling scheme	'A' – Significantly reduced battery waste due to re-cycling scheme	'X' – Increased electrocution and fires due to poor battery quality
 WHAT	 WHAT	 WHAT	 WHAT	 WHAT	 WHAT	 WHAT
 WHO	 WHO	 WHO	 WHO	 WHO	 WHO	 WHO
 HOW MUCH	 HOW MUCH	 HOW MUCH	 HOW MUCH	 HOW MUCH	 HOW MUCH	 HOW MUCH
 CONTRIBUTION	 CONTRIBUTION	 CONTRIBUTION	 CONTRIBUTION	 CONTRIBUTION	 CONTRIBUTION	 CONTRIBUTION
 RISK	 RISK	 RISK	 RISK	 RISK	 RISK	 RISK

⋮⋮ The role of ESG data vis-à-vis impact data

Environmental, Social and Governance (“ESG”) factors typically measure ‘**efforts**’, based on evidence that those efforts are likely to **mitigate negative impact**. This is a practical and essential part of overall impact management. It is the floor or on-ramp.



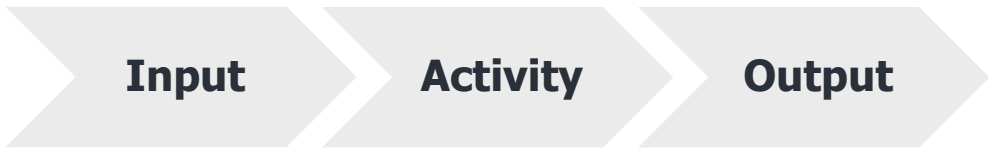
¹ “Putting the “S” in ESG: Measuring Human Rights Performance for Investors, NYU Stern, March 2017

• • • • • The role of ESG data vis-à-vis impact data

Impact data builds on ESG data and measures the change in outcome that an effort generates, in context. This is essential for understanding the **level of positive impact** that an asset has, and how substantial a contribution it makes to the SDGs.

For example:

Efforts








- Programme participants recruited
- Provision of training
- Participants trained

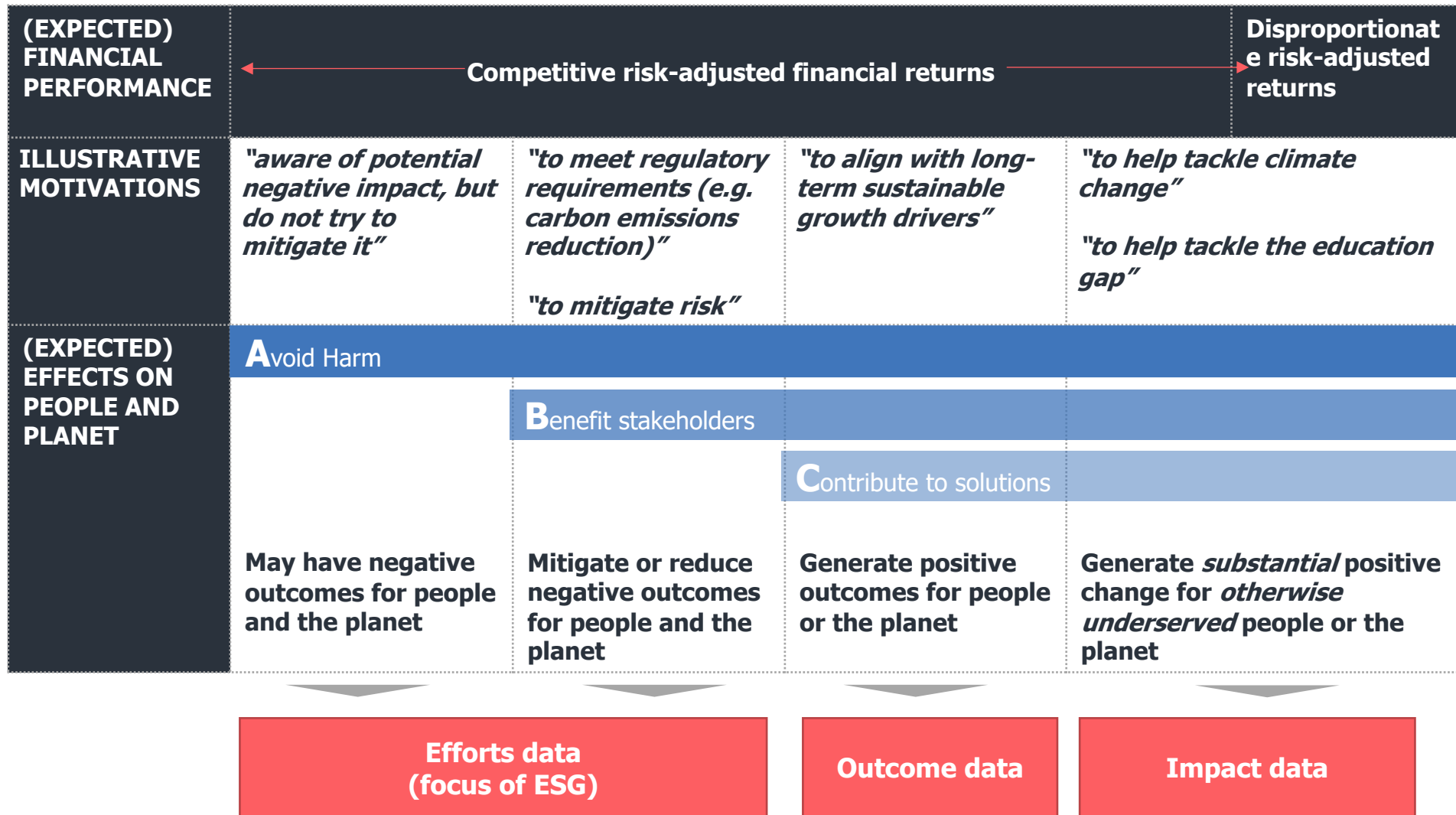
“# hours /
\$ spent per capita
on training”

Impact



- **What:** what level of skill did participants achieve and how important is to them? 
- **Who:** who are the participants and what level of the skill did they have before? 
- **How much:**
 - **Scale:** how many people have achieved that level of skill?
 - **Depth:** what degree of improvement have they experienced?
 - **Duration:** how long does the skill last?
- **Contribution:** would participants likely have achieved that level of skills anyway? 
- **Risk:** what’s the likelihood that this result is not what we think it is? 

Linking investors' motivations to the impact of enterprises –
and the data they measure and disclose





The investor's contribution makes a difference, too

Investors use four strategies to contribute to investees' effect on society and the environment.

Signal = Investors can choose not to invest in, or to favour, certain investments such that, if all investors did the same, it would ultimately lead to a 'pricing in' of social and environmental effects by the capital markets. Often referred to as values alignment, this strategy expresses the investors' values and is an important baseline. But alone, it is not likely to advance progress on societal issues when compared to other forms of contribution.

Engage actively = Investors can use expertise, networks and influence to improve the effects that businesses have on society and the environment. Engagement can include a wide spectrum of approaches - dialogue with companies, creation of industry standards, taking board seats and providing hands-on management support (as often seen in private equity).

Grow new or undersupplied capital markets = Investors can anchor or participate in new or previously overlooked opportunities. This may involve more complex or less liquid investments, or investments in which some perceive risk to be disproportionate to return.

Provide flexible capital = Investors can recognise that certain types of enterprises do require acceptance of lower risk-adjusted financial return to generate certain kinds of impact.

Impact Classes






IMPACT OF UNDERLYING ASSETS / ENTERPRISES

INVESTOR'S CONTRIBUTION

		IMPACT OF UNDERLYING ASSETS / ENTERPRISES		
		ACT TO AVOID HARM	BENEFIT STAKEHOLDERS	
				CONTRIBUTE TO SOLUTIONS
SIGNAL	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital		<ul style="list-style-type: none">• Neuberger Berman Quantitative ESG Factor	
ENGAGE	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital	<ul style="list-style-type: none">• Standard Life Investments Ethical Corporate Bond Fund• Standard Life Investments European Ethical Equity Fund	<ul style="list-style-type: none">• Clearbridge International Value ESG Strategy• Clearbridge Dividend Strategy ESG• Clearbridge Appreciation ESG Strategy• Neuberger Berman Sustainable Equities• Neuberger Berman Emerging Markets Equity Select	<ul style="list-style-type: none">• Neuberger Berman Municipal Impact• Aberdeen Standard Global Equity Impact Fund
GROW	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital			<ul style="list-style-type: none">• Calvert Impact Community Notes
	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital		<ul style="list-style-type: none">• Bridges Property Alternatives Funds Lok Capital Growth Fund (Lok III)	<ul style="list-style-type: none">• Christian Super Renewable Energy Sleeve A• Nesta Impact Investment Fund
CATALYSE	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital			<ul style="list-style-type: none">• Deutsche Bank New Initiatives Fund
	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital			<ul style="list-style-type: none">• Acumen Capital Markets• Bridges Social Impact Bond Fund• Deutsche Bank New Initiatives• Fund Ford Foundation's PRI Fund• GABV SFRE Fund• Root Capital Loan Fund
		Mitigate or reduce negative outcomes for people and the planet	Generate positive outcomes for people or the planet	Generate <i>significant</i> positive change for <i>otherwise underserved</i> people or the planet






:: An asset owner will then assess whether the goals of a :: potential investment manager match their own

When BSC reviews investment managers, it looks across their goals for the five dimensions to establish the degree of alignment between the two organisations. In this example, a **Social Entrepreneurs Fund's goals** matched almost all of **BSC's goals**.

Dimension	POTENTIAL INVESTEE: Social Entrepreneurs Fund	BSC Impact Assessment
 WHAT	<ul style="list-style-type: none"> Improve social outcomes in education, employment, housing and care for vulnerable young people 	Negative outcome <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> Positive outcome Unimportant outcome <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> Important outcome
 WHO	<ul style="list-style-type: none"> People underserved in relation to the outcomes above 	Well-served stakeholders <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> Underserved stakeholders
 HOW MUCH	<ul style="list-style-type: none"> Solutions that are seeking to meet high levels of unmet needs 	Marginal change <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> Deep change Small scale <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Large scale Short term <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Long term Unspecified
 CONTRIBUTION	<ul style="list-style-type: none"> Better than what would otherwise occur 	Likely worse <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> Likely better
 RISK	<ul style="list-style-type: none"> Ability to take high impact risk 	High risk <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Low risk Various
		Contribute to solutions

⋮ ⋮ An investment manager will then assess company performance data against these goals when selecting investments



In turn, collecting impact data across the five dimensions enabled the **Social Entrepreneurs Fund** to assess a **Community Transport Business's** goals and track ongoing performance

Impact data category		Impact data from community transport business	Impact analysis against goals	
	SDG target			
	a Outcome	Outcome: Level of confidence based on Improved access to jobs, education and services	Negative outcome	<div><div></div><div></div><div></div><div></div><div>x</div></div> Positive outcome
	b Outcome threshold		Unimportant outcome	<div><div></div><div></div><div></div><div></div><div>x</div></div> Important outcome
	Importance of the <outcome> to stakeholder			
	Stakeholder	Demographic: Elderly and disadvantaged individuals without easy or reliable access to local community		
	Boundary		Well-served stakeholders	<div><div></div><div></div><div></div><div></div><div>x</div></div> Underserved stakeholders
	c Baseline			
	d Scale	Depth: 60% of service users report improved confidence Scale: 1,134,742 passenger trips provided to disadvantaged individuals	Marginal change	<div><div></div><div></div><div>x</div><div></div><div></div></div> Deep change
	e Depth		Small scale	<div><div></div><div></div><div></div><div></div><div>x</div></div> Large scale
	f Duration			
	g Depth	Scale: data not available Depth: data not available	Likely worse	<div><div></div><div></div><div></div><div></div><div></div></div> Likely better
	h Duration			
	Type and level of risk	Evidence risk: Survey data shows that improved confidence is achieved;	High risk	<div><div></div><div></div><div></div><div>x</div><div></div></div> Low risk

Investors may use/develop a scoring system to assess performance against goals







Root Capital converts these diligence criteria into a scoring system to guide investment towards their goals

Impact dimensions	Root Capital Expected Impact Rating Components		Points (10 total)
 WHAT	Livelihoods (income & gender) Environment & climate		Up to 2.0
 HOW MUCH	Depth of effect Livelihoods (max 1.0 point; 0.25 points each): <ul style="list-style-type: none"> • Price 10%+ above local market prices paid to farmers • Agronomic extension for 50%+ farmers • Income diversification for 25%+ farmers • Loans to 25%+ farmers • Community services to 25%+ farmers • Higher (10%+) wages & benefits to employees • 30% or more participation by women as producers and/or employees; OR women-led and 20% or more participation by women 		
	Scale of effect	Number of farmers and employees (max 0.5 pts): <ul style="list-style-type: none"> • More than 1500 (0.5 pts) • Between 500 and 1500 (0.25 pts) • Less than 500 (zero pts) 	Up to 0.5
	Duration	Not currently taken into account	



Continued: scoring system used by Root Capital when making investment selections

Impact dimensions	Root Capital Expected Impact Rating Components	Points (10 total)
 WHO	<p>Poverty Level (up to 0.5 pts)</p> <ul style="list-style-type: none"> • <\$2.50/person/day (0.5 pts) • \$2.50 to \$4/person/day (0.25 pts) OR • >\$4/person/day (0 pts) <p>Environmental Vulnerability (up to 0.5 pts, 0.25 pts each)</p> <p>Location of enterprise and farmers vis-à-vis:</p> <ul style="list-style-type: none"> • Biodiversity hotspots • Soil degradation • Water scarcity • Climate change risk 	Up to 1.0
 ENTERPRISE CONTRIBUTION	Prices premiums paid to farmers and wage premiums paid to employees are relative to an estimated best alternative option for those farmers and employees, if not for the investee.	
 INVESTOR CONTRIBUTION	<p>Flexible capital / additionality rating:</p> <ul style="list-style-type: none"> • 6.5 points: Loans which a borrower likely would not have obtained from any other lender • 3.0 points: Loans which a borrower likely could have obtained from a subsidized lender • Zero points: Loans which a borrower likely could have obtained from a commercial lender 	Up to 6.5
 RISK	Always low	
	Root Capital's approach has relatively low impact risk because they only lend to enterprises that they have reason to believe will deliver the expected impact and, if they don't, Root Capital can decline to renew their loan the following year.	



Going forwards: where do we need to get to?

VISION

Enterprises and investors have **processes** to...

Measure and disclose their ESG risks + positive impacts that matter to people and the planet so that stakeholders can...

Compare ESG risks + positive impacts to understand where they could do better, with the result that they...

Improve performance by mitigating/minimising ESG risks + increasing positive impacts

: : The **IMP structured network**: a strategy to achieve that : : vision

The IMP team facilitates and provides significant technical support to a 'structured network' of standard-setting organisations, whose expertise and audiences are complementary and who, taken all together, have the potential to provide complete and generally accepted principles, frameworks and standards for impact measurement and management.

From 2019-21, the IMP Structured Network has three workstreams:

- Processes for managing impact (**Practice**)
- An accounting framework and data standards for measuring and reporting impact (**Performance**)
- Rating and valuation techniques for comparing impact (**Benchmarking**)





What are we working towards?

PRACTICE

WHAT IS UNDERWAY

Principles of ESG + impact management



Process standards for ESG + impact management



VISION

All enterprises and investors have **processes** to...

PERFORMANCE

Conceptual framework for ESG + impact measurement



Metrics for ESG + impact disclosure (universal, issue-specific and bespoke data standards)



Measure and disclose their ESG risks + positive impacts that matter to people and the planet so that stakeholders can...

Compare ESG risks + positive impacts to understand where they could do better, with the result that they...

Improve performance by mitigating/minimising ESG risks + increasing positive impacts



What are we working towards?

PRACTICE

WHAT IS UNDERWAY

Principles of ESG + impact management



Process standards for ESG + impact management



VISION

All enterprises and investors have **processes** to...

PERFORMANCE

Conceptual framework for ESG + impact measurement



Metrics for ESG + impact disclosure (universal, issue-specific and bespoke data standards)



Measure and disclose their ESG risks + positive impacts that matter to people and the planet so that stakeholders can...

BENCHMARKING

- 1. Signatories** to signal practice
- 2. Ratings** to compare practice
- 3. Impact class** to compare type of performance
- 4. Ratings** to compare performance
- 5. Valuation** to compare performance

Compare ESG risks + positive impacts to understand where they could do better, with the result that they...

Improve performance by mitigating/minimising ESG risks + increasing positive impacts



1. Signatories to signal practice

Signatories' commitment

"As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).

We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General.

In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

We encourage other investors to adopt the Principles."

An overview of private debt



What is responsible investment?



Become a signatory



Reporting for signatories

Environmental and social consequences of climate change



The SDG investment case



PRI in Person 2019

Transparency Reports 2018

SHARE INFORMATION



Investing for Impact

Operating Principles for Impact Management

Overview The Principles Consultations Partners Media Contacts

Impact investing has emerged as a significant opportunity to mobilize both public and private capital into investments that target measurable positive social, economic or environmental impact alongside financial returns. A growing number of investors are incorporating impact investments into portfolios. Many are aligning with the Sustainable Development Goals (SDGs), and other widely recognized goals such as COP21 reference point to illustrate the relationship between their investments and impact goals.

A key question for many investors is how to grow the level of investments targeting impact. Despite the increased interest in and number of product launches claiming to be impact investments, there is no common discipline for how to manage investments for impact and the systems needed to support this. This has created complexity and confusion for investors, as well as a lack of clear distinction between impact investing and other forms of responsible investing.

To address this challenge, IFC, in consultation with a core group of external stakeholders—impact asset managers, asset owners and industry associations—developed draft Operating Principles for Impact Management. The objective is to establish a common discipline and market consensus around the management of investments for impact and help shape and develop this nascent market.

Sought reviews of the draft Principles from stakeholders—investors, companies, academics, civil society and governments—from October to December 2018. The Principles have been finalized and **publicly launched** on April 12, 2019 at the World Bank Group-IMF Spring Meetings in Washington, DC.

SIGNATORIES

1. IFC
2. Actis
3. Acumen Capital Partners
4. Alpha-Mundi Group
5. Amundi
6. AXA Investment Managers
7. Belgian Investment Company for Developing Countries (BIO)
8. Blue Bird an Orange Sustainable Capital
9. BlueOrchard Finance
10. BNP Paribas Asset Management
11. Calvert Impact Capital

BECOME A SIGNATORY

The Operating Principles for Impact Management were officially launched and the first signatories were announced at the World Bank Group-IMF Spring Meetings in Washington, DC on April 12, 2019.

For further questions, please contact IFC at impactprinciples@ifc.org

EMAIL US



World Bank Live

On April 12, 2019, 60 global investors came together to adopt and launch the Operating Principles for Impact Management—a market standard for impact investing in which investors seek to generate positive impact for society alongside financial returns in a disciplined and transparent way. These investors collectively hold over \$250 billion in assets invested for impact.

 **International Finance Corporation**
WORLD BANK GROUP
Creating Markets, Creating Opportunities

 **Principles for Responsible Investment**

2. Ratings to compare practice: PRI's Reporting and Assessment Framework

Strategy And Governance

Indicator Scorecard

Module	Strategy and Governance
Total Score	30 ★ (out of a maximum 30 ★ from 10 indicators including the following additionally assessed indicators: SG 08a, SG 08b, SG 11)
Band	A+

SECTION	INDICATOR			MEDIAN PEER SCORE (# PEERS)	YOUR SCORE	
	NUMBER	TYPE	TOPIC			
RI Policy	SG 01	CORE	RI Policy and coverage	★★★ (1237)	★★★★	—
	SG 02	CORE	Publicly available RI policy or guidance documents	★★★ (1237)	★★★★	—
	SG 03	CORE	Conflicts of interest	★★★ (1237)	★★★★	—
Objective & Strategies	SG 05	CORE	RI goals and objectives	★★★ (1237)	★★★★	—
Governance & Human Resources	SG 07	CORE	RI roles and responsibilities	★★★ (1237)	★★★★	—
	SG 08a	ADDITIONAL	RI in performance management & rewards	★★★ (1237)	★★★★	—
	SG 08b	ADDITIONAL	RI in personal development / training	★★★ (1237)	★★★★	⬆
Promoting RI	SG 09	CORE	Collaborative organisations / initiatives	★★★ (1237)	★★★★	—
	SG 10	CORE	Promoting RI independently	★★★ (1237)	★★★★	—

Backdrop: select metrics & case studies to illustrate performance

OUR RESULTS

The transformation is already happening:

+300

BUSINESS SUPPORTED
by our programs

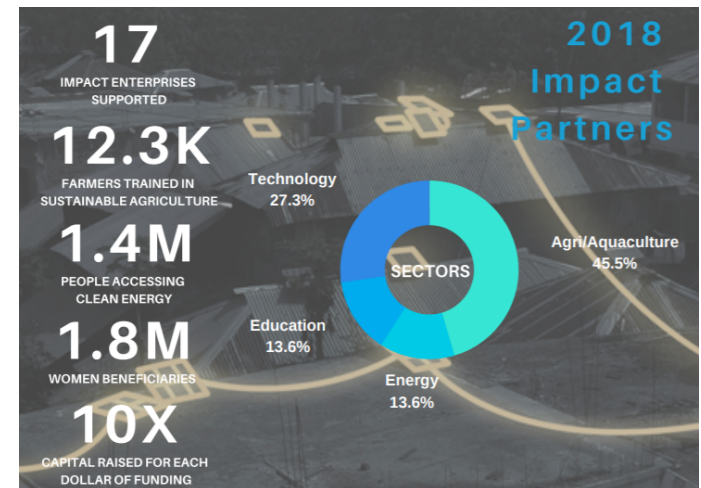
+150

ACCELERATED BUSINESSES
since 2011

+94 MI

OF ARTICULATED INVESTMENTS
for accelerated businesses

These numbers are the result of a lot of effort and work in supporting the social impact business. We know that we still have a long way to go in order to reach our dream, but we are motivated to continue contributing to the potential of the social impact generated by the businesses we support.





4. Impact Classes to compare type of performance

		IMPACT OF UNDERLYING ASSETS / ENTERPRISES			
		A	B	C	
		ACT TO AVOID HARM			
			BENEFIT STAKEHOLDERS		
				CONTRIBUTE TO SOLUTIONS	
INVESTOR'S CONTRIBUTION	1	SIGNAL	E.g. Ethical bond fund	E.g. Positively-screened / best-in-class ESG fund	E.g. Sovereign-backed bonds (secondary market) funding vaccine delivery to underserved people or renewable energy projects
	2	ENGAGE	E.g. Shareholder activist fund	E.g. Positively-screened / best-in-class ESG fund using deep shareholder engagement to improve performance	E.g. Public or private equity fund selecting and engaging with businesses that have a significant effect on education and health for underserved people
	3	GROW	E.g. Anchor investment in a negatively-screened real estate fund in a frontier market	E.g. Positively-screened infrastructure fund in a frontier market	E.g. Bond fund anchoring primary issuances by businesses that have a significant effect on environmental sustainability, access to clean water and sanitation
	4		<i>Investment archetype not widely observed</i>	<i>Investment archetype not widely observed</i>	E.g. Private equity fund making anchor investments in businesses that have a significant effect on income and employment for underserved people
	5	CATALYSE	<i>Investment archetype not widely observed</i>	<i>Investment archetype not widely observed</i>	E.g. Below-market charity bonds, or an unsecured debt fund focused on businesses that have a significant effect on employment for underserved people
	6		<i>Investment archetype not widely observed</i>	<i>Investment archetype not widely observed</i>	E.g. Patient VC fund providing anchor investment and active engagement to businesses that have a significant effect on energy access for underserved people
		Mitigate or reduce negative outcomes that matter to people and the planet	Generate positive outcomes for people or the planet	Generate <i>significant</i> positive change for <i>otherwise underserved</i> people or the planet	

The impact of underlying assets is derived from performance across the five dimensions of impact



Case study: KL Felicitas Family Foundation mapped its \$10m portfolio

IMPACT OF UNDERLYING ASSETS / ENTERPRISES

INVESTOR'S CONTRIBUTION

	IMPACT OF UNDERLYING ASSETS / ENTERPRISES					
	ACT TO AVOID HARM		BENEFIT STAKEHOLDERS		CONTRIBUTE TO SOLUTIONS	
		%		%		%
Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital	Cash	0.6%	Corporate bonds, sovereign bonds	10.0%	Thematic private debt	2.4%
	Private equity	13.4%	Positively screened public equities	17.4%	Thematic private equity	0.5%
	Public Fixed Income	0.5%	Sustainable alternatives	7.1%	Thematic real estate	3.1%
			Thematic private equity	1.0%		
			Thematic public debt	2.1%		
	Total	14.5%	Total	37.6%	Total	6.0%
Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital						
	Total	0.0%	Total	0.0%	Total	0.0%
Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital					Thematic cash	3.1%
					Thematic private equity	2.3%
					Thematic real estate	0.6%
					Thematic alternatives	3.8%
					Thematic bonds	7.7%
					Thematic public equities	12.8%
	Total	0.0%	Total	0.0%	Total	30.3%
Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital					Thematic private debt	3.5%
					Thematic private equity	4.7%
					Thematic real estate	0.1%
	Total	0.0%	Total	0.0%	Total	8.3%
Overall Total		14.5%		37.6%		44.6%




Case study: PGGM mapped its €220bn pension fund portfolio

		IMPACT GOALS								
		AVOID HARM		BENEFIT STAKEHOLDERS		CONTRIBUTE TO SOLUTIONS				
		Allocation in € bln.	Allocation in %			Allocation in € bln.	Allocation in %	Allocation in € bln.	Allocation in %	
INVESTOR'S CONTRIBUTION	Signal that impact matters	Listed Real Estate	12	5.6%	Mortgages*	1.7	0.8%	Private Real Estate - BiO Climate	0.3	0.1%
	+ Engage actively	Private Real Estate	12	5.8%	Private Real Estate - BiO	0.1	0.0%	Private Equity - BiO Climate	0.2	0.1%
	+ Grow new or undersupplied capital markets	Private Equity	9.9	4.8%	Other Equities - BiO	0.5	0.2%	Other Equities - BiO Climate	0.3	0.1%
	+ Provide flexible capital	Government Bonds	39	18.9%				Cash BiO**	0.1	0.0%
		Other Equities	4.2	2.0%						
		Alternative Equities Strategies	18	8.7%						
		High Yield Developed Markets	4.8	2.3%						
		Insurance Linked Investments	3.7	1.8%						
		Total	103	50.0%	Total	2.3	1.1%	Total	0.9	0.4%
	Signal that impact matters	Developed Market Equities	25	12.0%	Investing in Solutions Equities - BiO	6.4	3.1%	Investing in Solutions Equities - BiO Climate	1.5	0.7%
	+ Engage actively	Emerging Market Equities	8	3.9%						
	+ Grow new or undersupplied capital markets	Developed Market Credits	6.7	3.2%						
	+ Provide flexible capital	Emerging Market Credits	3.5	1.7%						
		Emerging Market Debt Local Currency	8.5	4.1%						
		Total	51	24.9%	Total	6.4	3.1%	Total	1.5	0.7%
	Signal that impact matters	Structured Credit	5.4	2.6%	Developed Market Credits - BiO	0.4	0.2%	Developed Market Credits - BiO Climate	0.1	0.0%
	+ Engage actively			Emerging Market Credits - BiO	0.1	0.0%	Emerging Market Credits - BiO Climate	0.1	0.0%	
	+ Grow new or undersupplied capital markets						Government Bonds - BiO Climate	0.7	0.3%	
	+ Provide flexible capital						Semi-sovereign, Sub-sovereign and Agency bonds - BiO Climate	0.1	0.0%	
		Total	5.4	2.6%	Total	0.5	0.2%	Total	1	0.5%
	Signal that impact matters	Infrastructure	6.5	3.2%	Infrastructure - BiO	0.1	0.0%	Infrastructure - BiO Climate	1.1	0.5%
	+ Engage actively			Private Real Estate - Healthcare			Private Equity - Microfinance	0	0.0%	
	+ Grow new or undersupplied capital markets			Mandate - BiO	0.1	0.0%				
	+ Provide flexible capital			Private Equity - Healthcare - BiO	1	0.5%				
		Total	6.5	3.2%	Total	1.2	0.6%	Total	1.1	0.5%






* PGGM Mortgages portfolio qualifies as 'Benefit Stakeholders' because PGGM solely invests in specific mortgages aimed at providing healthcare workers with affordable housing

** A part of PGGM's Cash portfolio is invested in climate solutions by the cash provider (Rabobank Duurzaam Deposito)

5. Rating to compare impact performance

		IMPACT MEASURE	RATING
 WHAT	Outcome	Skill level achieved by participants and its importance	e.g. Score level of outcome e.g. Score importance of outcome
	Baseline	Skill level of participants in prior period	e.g. Score how underserved the population is
 WHO  HOW MUCH	Depth	<i>Degree of change in skill level (= outcome – baseline)</i>	<i>Addressed by outcome & baseline scoring</i>
	Scale	No. of participants achieving skill level	e.g. Score how many people experience the outcome
	Duration	Duration of skill level	e.g. Score how long the outcome lasts for
 CONTRIBUTION	Counterfactual	(Estimation of) counterfactual	e.g. Score how much better the outcome is than the relevant benchmark
 RISK	Risk type	Evidence risk etc.	e.g. Score level of risk
	Risk level		

6. Valuation to compare impact performance

		IMPACT MEASURE		RATING	VALUATION
 WHAT	Outcome	Skill level achieved by participants and its importance		e.g. Score level of outcome	Average \$ increase in wages for up-skilled employees
				e.g. Score importance of outcome	
 WHO	Baseline	Skill level of participants in prior period		e.g. Score how underserved the population is	
	Depth	<i>Degree of change in skill level (= outcome – baseline)</i>		<i>Addressed by outcome & baseline scoring</i>	
 HOW MUCH	Scale	No. of participants achieving skill level		e.g. Score how many people experience the outcome	x No. of employees
	Duration	Duration of skill level		e.g. Score how long the outcome lasts for	x Adjustment for duration
 CONTRIBUTION	Counterfactual	(Estimation of) counterfactual		e.g. Score how much better the outcome is than the relevant benchmark	x Adjustment for counterfactual
 RISK	Risk type	Evidence risk etc.		e.g. Score level of risk	x Discount factor
	Risk level				



Appendix

• • A reminder of the types of **impact risk**

Impact risk	Definition
Evidence risk	The probability that insufficient high-quality data exists to know what impact is occurring
Drop-off risk	The probability that the positive impact does not endure and/or that negative impact is no longer mitigated
Unexpected impact risk	The probability that significant unexpected positive and negative impact is experienced by people and the planet
Execution risk	The probability that the activities are not delivered as planned and do not result in the desired outputs
Efficiency risk	The probability that the impact could have been achieved with fewer resources or at a lower cost
Endurance risk	The probability that the required activities are not delivered for a long enough period
External risk	The probability that external factors disrupt our ability to deliver the impact
Alignment risk	The probability that impact is not locked into the enterprise model
Stakeholder participation risk	The probability that the expectations and/or the experience of stakeholders are misunderstood or not taken into account