



RATINGS  
& ANALYTICS  
for Impact Investing



Q3 2012

# GIIRS Quarterly Analytics Report

The GIIRS Quarterly Analytics Report is the first impact investing industry report to provide key findings and trends in data collected from GIIRS rated companies and funds, covering sectors, sizes, maturities and geographies. Findings from the report provide a uniquely powerful tool for investors to benchmark their own portfolios against this data set. To compare your own portfolio of impact investments to this rated universe, sign up as a subscriber to GIIRS Ratings & Analytics.



Welcome to the GIIRS Q3 Analytics Report,

We are excited to share our latest report with you. While the sample size of rated companies and funds is still relatively small, the data set is growing rapidly. Since publishing the last Analytics report in March the number of rated companies has increased by almost 100% and the number of rated funds has increased by 150%. In addition the pipeline for new companies and funds continues to grow as additional Pioneer Investors, Partners, and Funds sign on to use GIIRS Ratings & Analytics.

For the first time in this report we have:

- Released data trends on **companies' question and metric level responses** (# of jobs, # of workers, etc.). This data enables investors to better understand company performance and trends for the questions and metrics that they really care about;
- Shared early trends regarding **common industries and SEMs** (socially & environmentally focused business models) **by industry**;
- Highlighted a set of **high performing companies (5-star)** and provided analysis on why these companies have excelled; and
- Presented **fund marketplace data and aggregated question level responses to the fund manager assessment** allowing readers to better understand the characteristics of leading impact funds.

We hope you enjoy this quarter's report and welcome your comments and feedback. For a refresher on GIIRS Ratings & Analytics ratings methodology please visit the [GIIRS website](#).

## WHAT'S NEW IN THIS REPORT?

### For the first time, see data on:

- Marketplace of GIIRS rated funds
- Detailed industry information for GIIRS rated companies
- Key Performance Indicators in the GIIRS Assessment per Impact Area (Workers, Community, Environment, Governance)
- Top scoring GIIRS rated companies
- Learn about what it takes to be a 5-star rated company

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# THE GIIRS INDEX



for Q3 2012

## GIIRS COMPANY GLOBAL INDEX

TABLE 01

Global Index Rating



Global Index Score

91

*The GIIRS Index is the median score of GIIRS rated companies and is out of 200 points.* The GIIRS Index allows entrepreneurs and investors to benchmark their impact performance against a current index over time. Currently, 268 companies comprise the Global Index.

## GIIRS COMPANY DEVELOPED MARKET INDEX

Index Rating



Index Score

86

## GIIRS COMPANY EMERGING MARKET INDEX

Index Rating

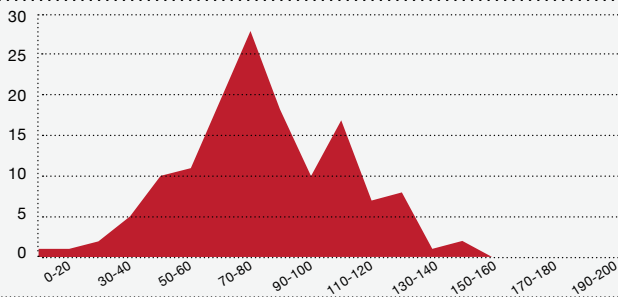


Index Score

104

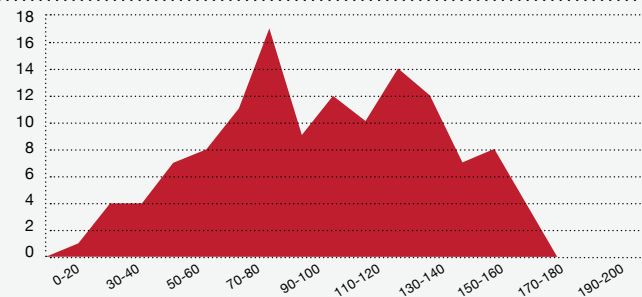
## SCORE DISTRIBUTION FOR DEVELOPED MARKET COMPANIES

GRAPH 01



## SCORE DISTRIBUTION FOR EMERGING MARKET COMPANIES

GRAPH 02



## STAR RATINGS BY POINT DISTRIBUTION

RATINGS KEY

Overall Rating	Overall Points	Impact Area Rating	Governance Score	Worker Score	Community Score	Environment Score
GIIRS Rated	0 to 79.9	★	0 to 2.9	0 to 17.9	0 to 12.9	0 to 4.9
★★★	80 to 99.9	★★★	3 to 4.9	18 to 20.9	13 to 25.9	5 to 10.9
★★★★	100 to 124.9	★★★★	5 to 6.9	21 to 23.9	26 to 38.9	11 to 24.9
★★★★★	125+	★★★★★	7 to 8.9	24 to 28.9	39 to 69.9	25 to 39.9
★★★★★	125+	★★★★★	9+	29+	70+	40+

Based on preliminary scores from a sample of 100 companies, GIIRS Star Ratings were established by the Standards Advisory Council on a quintile-based scale. These Star Ratings will be revised in July 2013 with the release of the next version of the GIIRS assessment.

## KEY FINDINGS

1

### HOW ARE GIIRS RATED COMPANIES CREATING POSITIVE IMPACT?

TABLE 02

For the first time, this report includes data trends on companies' individual question responses.

See more detailed analyses on pages 10-11.

	% companies for whom this is true		
	Global	Developed Markets	Emerging Markets
Grew jobs by more than 5%	55%	28%	84%
Majority (>50%) products/ services directly address a social issue (e.g. microfinance, education)	30%	25%	35%
Majority (>50%) of customers are low-income or otherwise underserved	24%	22%	26%

2

### WHAT DOES IT TAKE TO BE A 5-STAR RATED COMPANY?

5-star companies are the highest rated overall GIIRS rated companies. These companies earn a minimum of 125 points on the overall assessment. To date, these companies earn more points for Community impact area, including Community-focused Business Models (Community SEMs) than other rated companies. Currently, there are 51 5-star rated companies.

To learn more about 5-star rated companies, see more detailed analyses on pages 13-14.

**76%** of 5-star companies earn 3+ socially & environmentally-focused business models (SEMs).

**29%** of the remaining companies earn 3+ SEMs.

3

### ARE COMPANY RATINGS AND MATURITY OF BUSINESS CORRELATED?

TABLE 03

Based on data from the 65% of rated companies that reported information on their founding date, an early trend is there is no material difference in a company's performance based on years in operation

- Among developed market companies, across years in business, companies on average score a 3-star rating.
- Among emerging market companies, across years in business, companies on average score higher than developed market companies.

Years in Business	Developed Markets	Emerging Markets
1-3 years	★ ★ ★ (94)	★ ★ ★ (98)
3-5 years	★ ★ ★ (93)	★ ★ ★ ★ (120)
5-10 years	★ ★ ★ (91)	★ ★ ★ (95)
10+ years	GIIRS Rated (76)	★ ★ ★ ★ (106)

## KEY FINDINGS CONTINUED

4

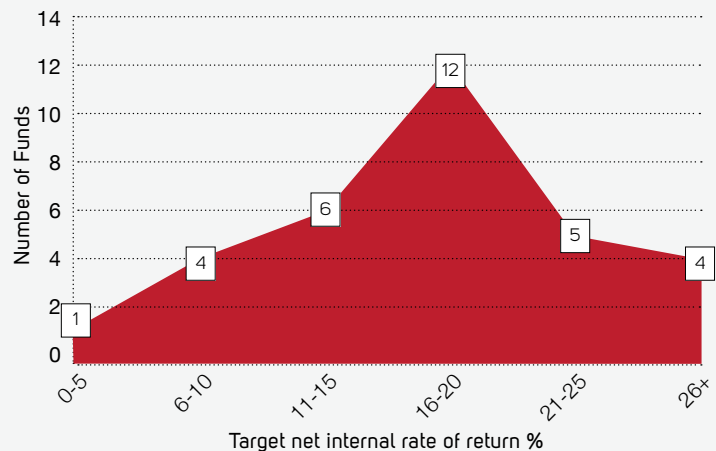
### WHAT RETURNS DO IMPACT INVESTING FUNDS TARGET? GRAPH 03

Majority of the currently rated 36 impact investing funds target between 11-25% rate of return. All of these funds offer equity and some offer debt & quasi-equity products.

**40%** of emerging markets-focused funds target between 16-20%

**25%** of the developed markets-focused funds target 26+%

*Note: Target Net IRR defined as return earned by an LP after fees, carry, and conversion to USD. For active funds, IRR is based upon the realized cash flows and the valuation of the remaining interest in the partner.*



5

### HOW MANY FUNDS HAVE A FORMAL DUE DILIGENCE PROCESS FOR IMPACT? TABLE 04

Of the 52 funds with reviewed fund manager assessments, 92% have a formal due diligence process to review potential investments according to social and environmental criteria that is included in a written format for an investment committee review.

	Global	Developed Markets	Emerging Markets
Funds with due diligence process for impact by market type	<b>92%</b>	<b>83%</b>	<b>97%</b>

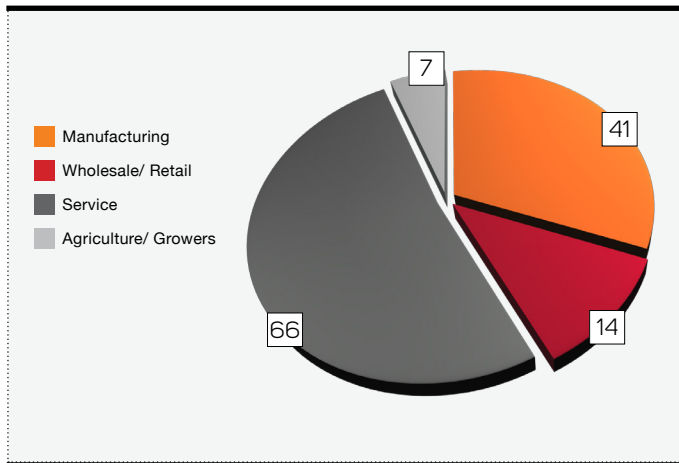
## THE GIIRS COMPANY MARKETPLACE

This report is based on data collected through August 31, 2012 from all GIIRS rated companies and funds. Out of the 268 rated companies, 140 completed the developed markets assessment and 128 completed the emerging markets assessment. This includes portfolio companies of [GIIRS Pioneer Investors](#), [Pioneer Funds](#) and [Partners](#). Of the 268 companies, 69 are [Certified B Corporations](#).

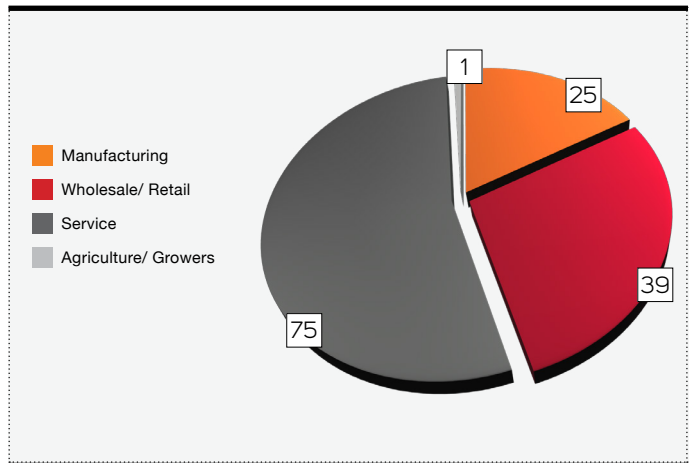
### GIIRS MARKETPLACE SNAPSHOT TABLE 05

	Rated	Rating In Process	Total
Companies	268	150	418
Funds	36	24	60

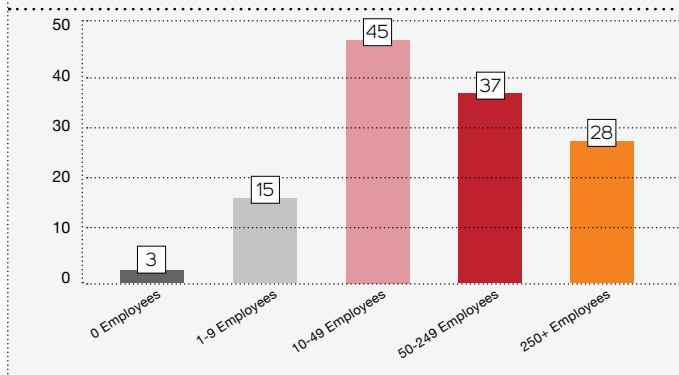
### EMERGING MARKET COMPANIES BY SECTOR GRAPH 04



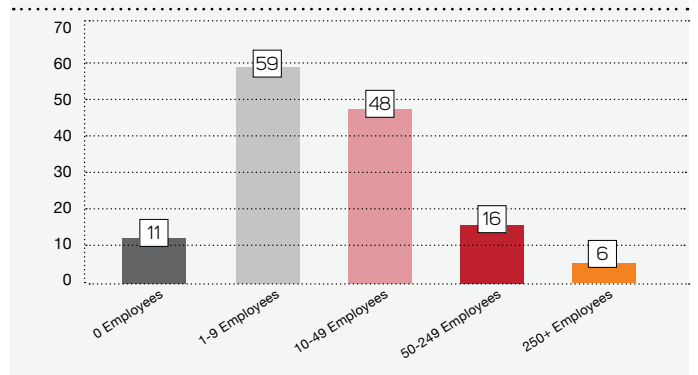
### DEVELOPED MARKET COMPANIES BY SECTOR GRAPH 05



### EMERGING MARKET COMPANIES BY NUMBER OF EMPLOYEES GRAPH 06



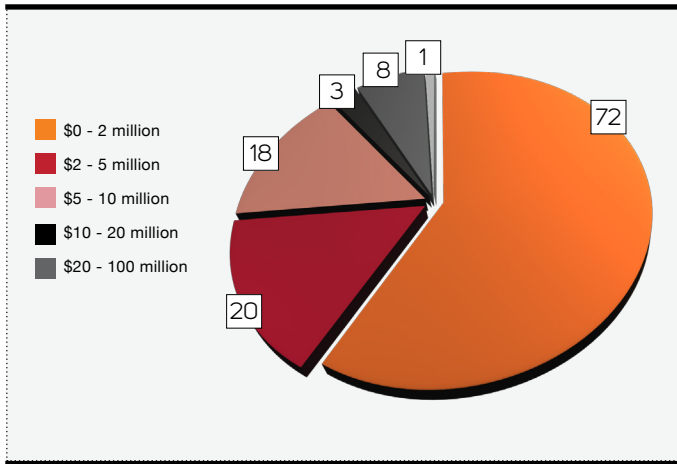
### DEVELOPED MARKET COMPANIES BY NUMBER OF EMPLOYEES GRAPH 07



## THE GIIRS COMPANY MARKETPLACE CONTINUED

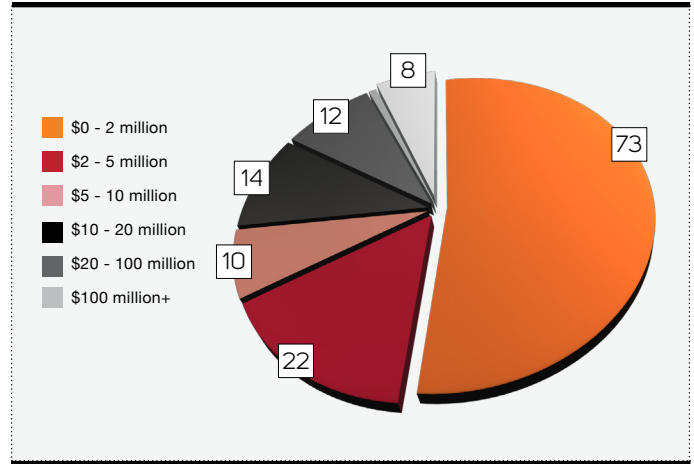
### EMERGING MARKET COMPANIES BY ANNUAL REVENUE RANGE

GRAPH 08



### DEVELOPED MARKET COMPANIES BY ANNUAL REVENUE RANGE

GRAPH 09



### GIIRS RATED COMPANIES SPAN 70 INDUSTRIES OF WHICH THE TOP 10 ARE:

TABLE 06

68% of GIIRS rated companies are represented in the top 10 industries

Industry	# Companies
Financial & insurance activities	35
Food & beverages	34
Human health, social work & medical supplies	18
Electrical equipment and electricity generation	17
Telecommunications/information services	15
Computer/tech services & products	14
Agriculture, forestry & fishing	13
Education	12
Other services	12
Apparel & Personal care products	11

47% microfinance institutions

over 40% provide medical and dental supplies

approx. 30% are mobile service providers

68% are manufacturers, 23% are wholesalers and 9% are retailers

over 70% are solar/other renewal energy generators/installers

62% grow perennial crops

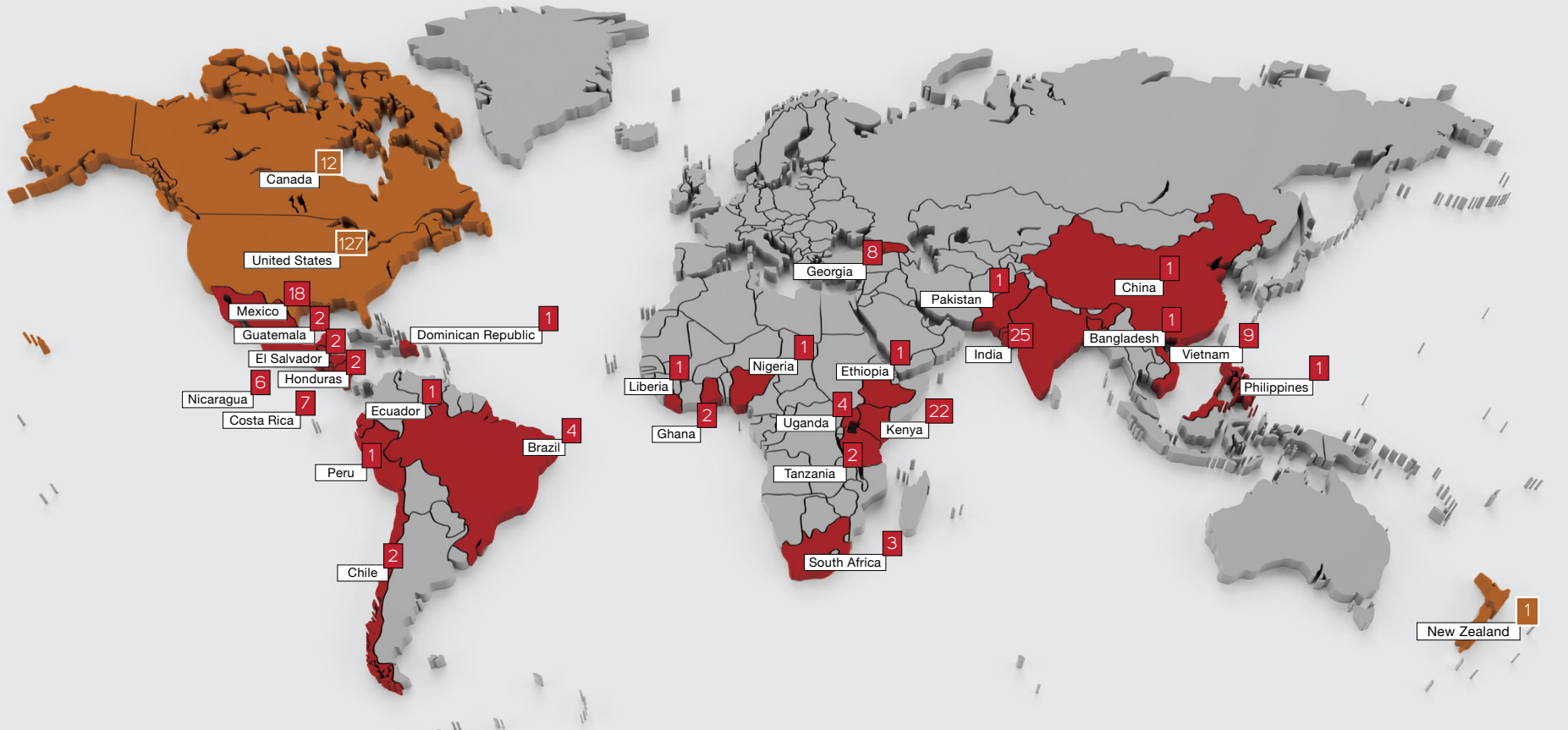
To learn more about the social and/or environmentally-focused business models (SEMs) of rated companies in the top 5 industries, see page 12.

## THE GIIRS COMPANY MARKETPLACE CONTINUED

### RATED COMPANIES ACROSS 29 COUNTRIES

- Developed Markets
- Emerging Markets

The marketplace of GIIRS rated companies is diverse by geography, covering 29 countries across two market types: developed and emerging. The map below shows the number of GIIRS rated companies in these 29 countries by market type.





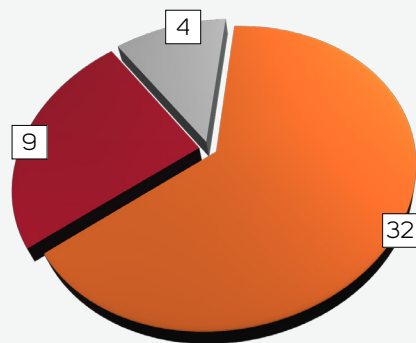
## THE GIIRS FUND MARKETPLACE

36 impact investing funds have received a GIIRS Fund Rating as of August 31, 2012. This section highlights characteristics of these 36 funds.

### RATED FUNDS BY INVESTING STATUS

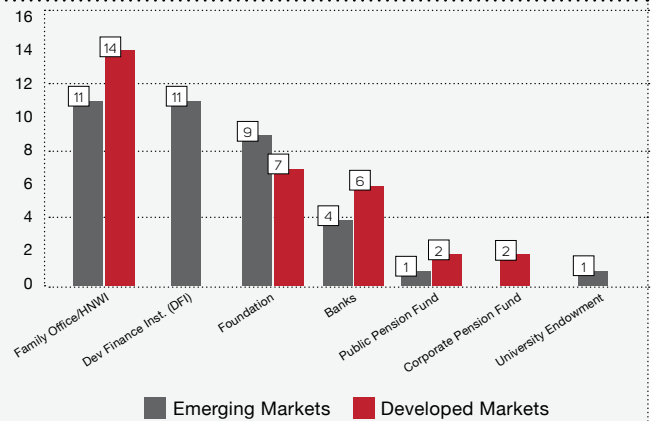
GRAPH 10

- Actively Investing
- No Investments Yet
- No Longer Investing



### RATED FUNDS BY INVESTOR PROFILE BY MARKET TYPE

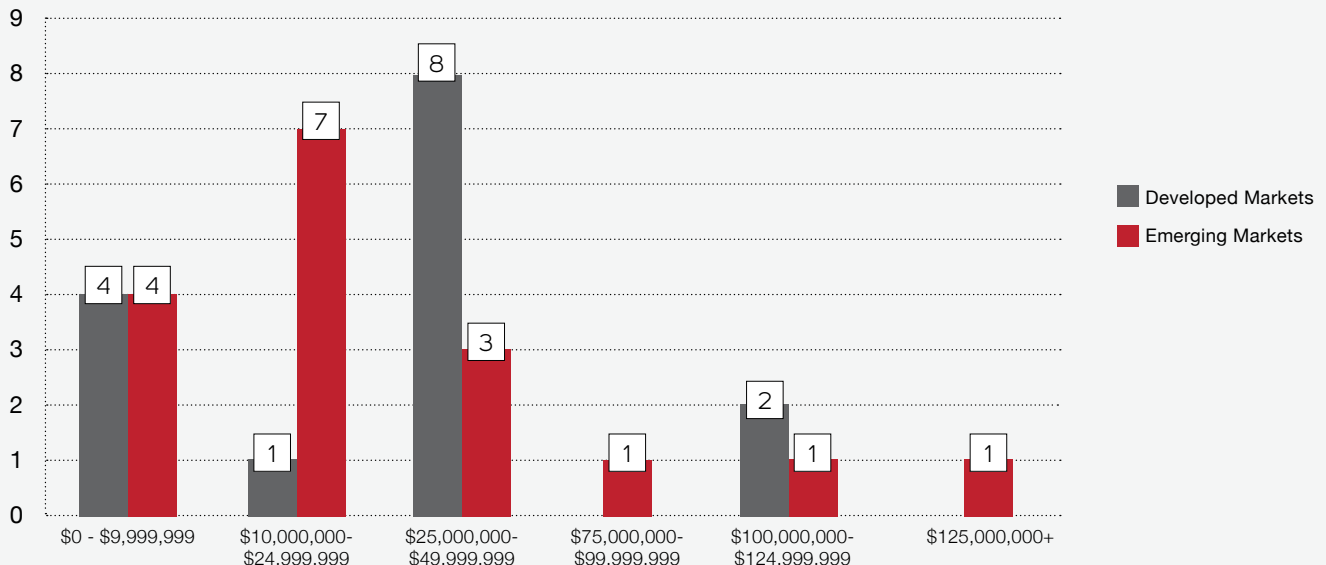
GRAPH 11



Emerging market funds primarily invested in by both DFIs and HNWIs; no DFI investments in developed market funds.

### RATED FUNDS BY FUND SIZE (TOTAL COMMITTED CAPITAL) AND MARKET TYPE

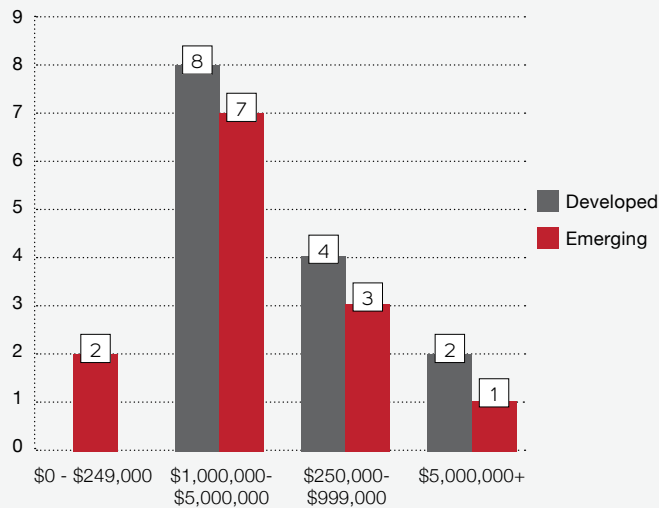
GRAPH 12



## THE GIIRS FUND MARKETPLACE CONTINUED

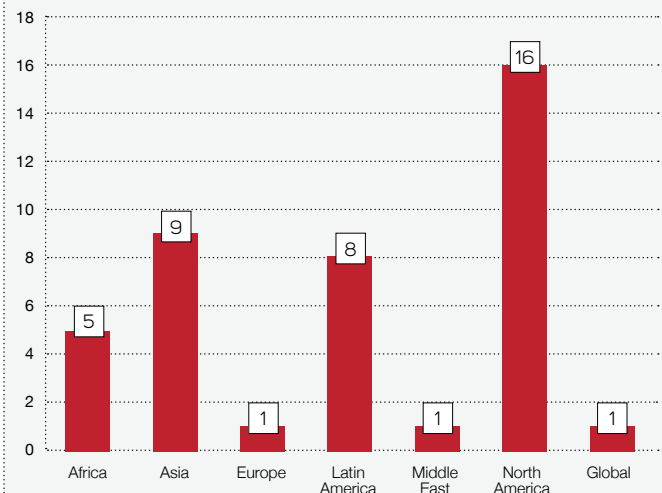
RATED FUNDS BY AVERAGE INVESTMENT SIZE AND MARKET TYPE

GRAPH 13



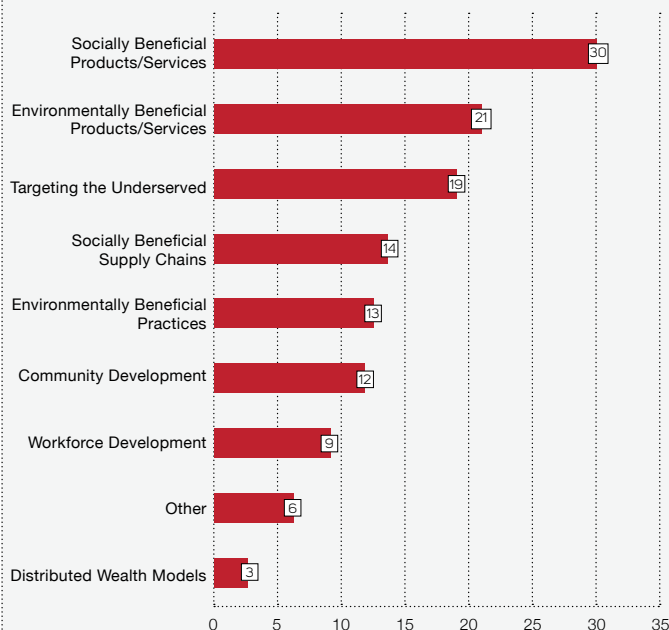
RATED FUNDS BY INVESTMENT REGION FOCUS

GRAPH 14



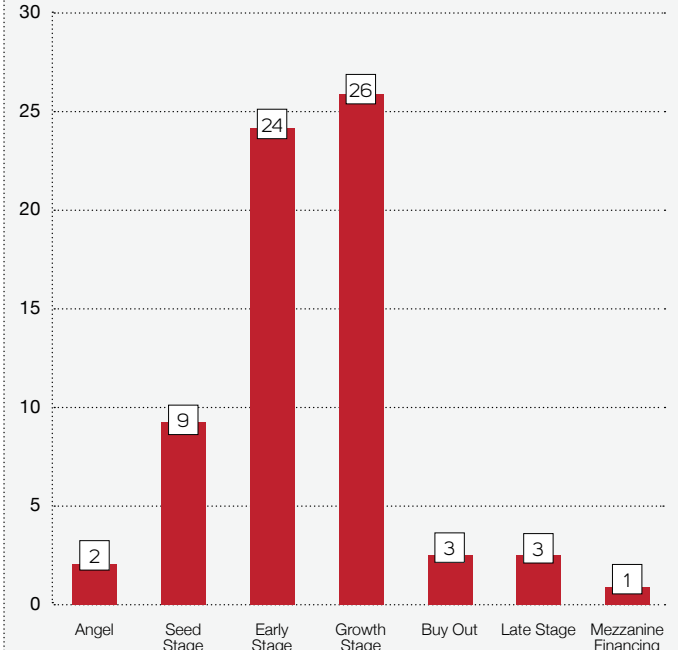
RATED FUNDS IMPACT TARGETS

GRAPH 15



RATED FUNDS BY INVESTMENT STAGE

GRAPH 16



## COMPANY DATA TRENDS

### OVERALL SCORES BY MARKET

TABLE 07

	Total/Both Markets	Developed Markets	Emerging Markets
<b>High Score</b>	167	156	167
<b>Low Score</b>	19	19	28
<b>Median</b>	91	86	104
<b># Companies</b>	<b>268</b>	<b>140</b>	<b>128</b>

Scores are out of 200 possible points.

GIIRS is powered by the B Impact Ratings System, an online self-assessment tool that measures companies' social and environmental performance and has been completed by over 2,500 companies. The Ratings System measures the overall impact of your business on all stakeholders (workers, suppliers, customers, community, and environment.) Depending on a company's size and industry, the assessment includes between 120 and 180 questions. Each question is weighted and rolls up to an overall score. There are 200 total points available in the Ratings System: 70% of the points are focused on positive outputs, with 25% available for good practices, and 5% focused on policies.

Below is a sampling of questions found in both the emerging and developed market version of the assessment with performance data for all companies (global) and by market.

TABLE 08

Key Performance Indicators (from the GIIRS Company Assessment)	Relevant Subcategory	% companies for whom this is true		
		Global	Developed Markets	Emerging Markets
<b>Community</b>				
Grew jobs by more than 5%	Job Creation	55%	28%	84%
Majority (>50%) products/services that directly address a social issue (e.g. microfinance, education)	Community Products & Services (SEM)	30%	25%	35%
Majority (>50%) low-income or otherwise underserved customers	Community Products & Services (SEM)	24%	22%	26%
Have >25% of significant suppliers that are certified to meet specific social/environmental criteria	Suppliers & Distributors	25%	16%	34%
Are majority (>50%) owned by women or ethnic minorities	Diversity	19%	24%	13%

## COMPANY DATA TRENDS CONTINUED

% companies for whom this is true				
Key Performance Indicators (from the GIIRS Company Assessment)	Relevant Subcategory	Global	Developed Markets	Emerging Markets
<b>Environment</b>				
Majority (>50% of revenues) of products/services that directly address an environmental issue (e.g. renewable energy, energy and water efficiency, waste reduction, land and wildlife conservation, etc.)	Environmental Products & Services (SEM)	17%	20%	14%
Utilize 50%+ of inputs from sustainable materials (e.g. organic, recycled, biodegradable, etc.) and/or demonstrate significant source reduction in inputs in product design and production <sup>2</sup>	Environmental Practices (SEM)	8%	5%	11%
>15% recycled, biodegradable or environmentally-preferred materials in product (including packaging) <sup>3</sup>	Inputs	54%	58%	48%
>25% of energy from renewable sources	Inputs	10%	12%	9%
<b>Governance</b>				
Have a Board/advisory body with at least one independent member	Governance	41%	50%	32%
Have audited/reviewed financials from last fiscal year	Transparency	94%	96%	91%
Have worked within their industry to develop/advocate social and environmental standards	Accountability	53%	46%	60%
<b>Financial Metrics</b>				
Percent of companies that are profitable	Governance metrics	33%	24%	42%
Companies that are raising capital in the next 12 months	Profile information	39%	46%	30%
Total revenues in excess of \$2 million last fiscal year	Profile information	41%	42%	39%
<b>Workers</b>				
>5% increase in total wages (excluding executive management) in the last fiscal year	Compensation & Wages	36%	43%	29%
Health insurance offered to all full-time employees and their families	Worker Benefits	59%	85%	33%
Have >5% company owned by non-executive employees	Worker Ownership	26%	35%	18%
Have >50% employees that provided paid training opportunities	Professional Development	26%	12%	41%

## COMPANY DATA TRENDS CONTINUED

In the GIIRS rating methodology, points are allocated across four impact areas – Governance, Workers, Community and Environment. In each impact area, points can be earned from “Operational” questions, which focus on positive practices and policies the company has implemented and their respective positive outputs, and points can be earned for a company’s Socially and Environmentally Focused Business Models (SEMs). SEMs are positive impacts that are built into a core business model in contrast to good business operations. Companies can earn up to 200 points across all Impact Areas through a combination of operational and SEM points.

### SEMs cover topics such as:

- Socially and environmentally beneficial products and services
- Innovative wealth distribution models (employee-owned businesses, cooperatives and micro-franchises)
- Community-oriented models, such as businesses that actively hire underserved workers (job creation), engage in charitable giving, use innovative supply or distribution channels to alleviate poverty, or stimulate development of local economies
- Businesses that focus on achieving a high-standard of environmental efficiency in their production operations

Early Trend

TABLE 09

### SOCIAL OR ENVIRONMENTALLY FOCUSED BUSINESS MODELS (SEMs) EARNED BY COMPANIES IN THE TOP 5 INDUSTRIES (N=119 COMPANIES)

Industry	% of companies with the following social and environmental business model	
Financial & insurance activities	91%	provide a socially beneficial product or service
	74%	serve the underserved
	23%	have a workforce development model
	6%	have a microdistribution/microfranchise model
Food & beverages	53%	products and practices are designed to conserve the environment
	21%	have a workforce development model
	18%	provide a socially beneficial product or service
	41%	are designed to alleviate poverty through their supply chain
	6%	have a worker ownership model
	6%	are designed to support national economic development in operating countries
Human health, social work & medical supplies	100%	provide a socially beneficial product or service
	44%	serve the underserved
Electrical equipment and electricity generation	100%	products and practices are designed to conserve the environment
	47%	provide a socially beneficial product or service
	47%	serve the underserved
Telecommunications/information services	80%	provide a socially beneficial product or service
	13%	products and practices are designed to conserve the environment
	7%	are designed to alleviate poverty through their supply chain

## COMPANY DATA TRENDS CONTINUED

### TOP TEN SCORING COMPANIES BY MARKET TYPE

TABLE 10

<b>Emerging Markets</b>			
<b>Company Name</b>	<b>Country of Operations</b>	<b>Industry</b>	<b>Score</b>
Healthpoint Services	India	Human health & social work	168
Echale a tu casa	Mexico	Construction	166
ASA International Holding	India	Microfinance	161
Co2 Bambu	Nicaragua	Construction	160
Liberty & Justice	Liberia	Apparel	160
ASA Ghana	Ghana	Credit Emerging Mkts	159
Barafon	Mexico	Telecommunications	155
Movirtu	South Africa	Telecommunications	151
ASA International Nigeria	Nigeria	Credit Emerging Mkts	146
Beam Money Private Limited	India	Financial services	145
<b>Top Decile Score</b>			<b>145</b>
<b>Top Decile Rating</b>			★ ★ ★ ★ ★

<b>Developed Markets</b>			
<b>Company Name</b>	<b>Country of Operations</b>	<b>Industry</b>	<b>Score</b>
Farmland LP	United States	Equity investing	154
Palmetto Ventures	United Kingdom	Financial services	141
Ecotrust Forest Management	United States	Real estate- leased property	138
Bellwether Materials	United States	Wholesale trade	137
Prem Group	United States	Real estate development	135
Angaza Design, Inc.	United States	Scientific R&D	133
eSpark	United States	Pre- & primary education	132
La Siembra Co-operative	Canada	Food products	132
Impact Makers, Inc.	United States	Mgmt consultant- for-profits	130
Alter Eco Fair Trade	United States	Food products	129
<b>Top Decile Score</b>			<b>129</b>
<b>Top Decile Rating</b>			★ ★ ★ ★ ★

To learn more about how a company gets a 5-star GIIRS rating view detailed information about our top 2 scoring emerging market companies:



**Company Description:** Echale is a social housing production company that delivers affordable homes to communities through the implementation of innovations in construction technology and finance, streamlining the self-build process and strengthening the social inclusion

**Sector:** Manufacturing      **Fund/Investor/Partner:** New Ventures

**Market:** Emerging      **Country of Operation:** Mexico

**Size (# of employees):** 539      **Year founded:** 1997

### COMPANY RATINGS DETAIL

TABLE 11

Impact Areas & SEMs	Points Earned (Out of 200 total)	Emerging Market Company Index As of June 30,2012
<b>OVERALL</b> ★ ★ ★ ★ ★	166.6	101.8
<b>Governance</b> ★ ★ ★ ★	7.2	7.3
<b>Workers</b> ★ ★ ★ ★	25.8	21.8
<b>Community</b> ★ ★ ★ ★ ★	112.3	56.1
SEM: Community Practices	16.9	26.8
SEM: Socially-Oriented Products & Services	26.7	12.4
SEM: Serve Those in Need	40.0	16.2
<b>Environment</b> ★ ★ ★	21.2	17.0
SEM: Environmental Products & Services	6.4	5.4
<b>Socially &amp; Environmentally Focused Business Models (SEM)</b>	Points distributed in their relevant impact areas. Each SEM worth up to 30 points.	

Echale's overall score is approximately 64% higher than the Emerging Markets Index. This strong performance is primarily due to the Community section which outperforms the market by 100% driven by the company's work in providing access basic services (quality and affordable housing) to underserved communities. Echale also incorporates environmentally sustainable materials in its housing structures leading to a marginally higher performance in the Environment section.



**Company Description:** Healthpoint Services provides high quality, affordable, health and safe drinking water services in under-served communities by building and operating the necessary infrastructure

**Sector:** Service      **Fund/Investor/Partner:** Tonic, Calvert Foundation

**Market:** Emerging      **Country of Operation:** India

**Size (# of employees):** 260      **Year founded:** 2009

### COMPANY RATINGS DETAIL

TABLE 12

Impact Areas & SEMs	Points Earned (Out of 200 total)	Emerging Market Company Index As of June 30,2012
<b>OVERALL</b> ★ ★ ★ ★ ★	166.4	101.8
<b>Governance</b> ★ ★ ★ ★ ★	11.5	7.3
<b>Workers</b> ★ ★ ★ ★	27.3	21.8
<b>Community</b> ★ ★ ★ ★ ★	119.4	56.1
SEM: Community Practices	17.4	26.8
SEM: Socially-Oriented Products & Services	29.0	12.4
SEM: Serve Those in Need	40.0	16.2
<b>Environment</b> ★ ★	43.5	17.0
<b>Socially &amp; Environmentally Focused Business Models (SEM)</b>	Points distributed in their relevant impact areas. Each SEM worth up to 30 points.	

Overall, HSI's GIIRS score is approximately 63% higher than the Emerging Markets Index. This performance is primarily due to the company's focus on serving those in need (low income rural families in India). This is reflected in the community section where the company's performance is significantly higher by 113% compared to that of other companies in emerging markets.

## DATA TRENDS FOR FUND MANAGER ASSESSMENT

**52** funds have completed the fund manager assessment and verified answers provided through a phone review

**36** funds have received a GIIRS fund rating of which 9 are funds in formation

### FUND DATA

TABLE 13

	Fund Manager Assessment	Investment Criteria	Portfolio Management	Targeted for Investment
High Score	187.4	63.6	74.8	70.0
Low Score	63.1	10.9	19.3	18.3
Median	135.4	48.2	36.7	47.7

The fund manager assessment is designed to capture the fund management intent, practices and policies related to social and environmental impact. This assessment comprises 10% of a GIIRS Fund Rating; the remaining 90% is comprised of a weighted average of underlying portfolio company ratings in order to capture the impact created from fund-invested capital.

The Fund Manager Assessment is comprised of questions regarding a fund's policies and practices in deploying and managing its capital that covers the following topics:

- **Targeted for Investment:**  
Information about the historical performance of the fund manager and the intent of the current fund
- **Investment Criteria:**  
Covers information about the fund's investment policies in regards to impact
- **Portfolio Management:**  
Focuses on the way the fund manages its portfolio after an investment has been made

The question-level data below shows the percentage of funds that met the specific answer requirement out of the total population of n =52

### Question

### Target Market

TABLE 14

	All Funds	Emerging Markets	Developed Markets
Number of funds with >75% of fund management company or parent financial institution's total assets under management are impact investments	73%	68%	83%
Number of funds with >75% of fund's total capital targets impact investments	79%	76%	83%



## DATA TRENDS FOR FUND MANAGER ASSESSMENT CONTINUED

TABLE 14

Question	Target Market		
	All Funds	Emerging Markets	Developed Markets
<p>Number of funds that provide patient and flexible capital to investees in the form of:</p> <p><i>Note: funds can choose more than one answer option here</i></p>	<p>Longer than average fund lifetime: 35%</p> <p>Alternative exit structures (i.e. holding corp): 35%</p> <p>Alternative collateral requirements: 19%</p> <p>Delayed principal repayments (i.e. - bullet repayment): 27%</p>	<p>Longer than average fund lifetime: 41%</p> <p>Alternative exit structures (i.e. holding corp): 41%</p> <p>Alternative collateral requirements: 41%</p> <p>Delayed principal repayments (i.e. - bullet repayment): 32%</p>	<p>Longer than average fund lifetime: 22%</p> <p>Alternative exit structures (i.e. holding corp): 22%</p> <p>Alternative collateral requirements: N/A</p> <p>Delayed principal repayments (i.e. - bullet repayment): 17%</p>
Number of funds where managing partners' compensation and incentive structure are at least partially determined by the social and environmental performance of the portfolio	17%	21%	11%
<p>Number of funds that provide majority of portfolio companies with (a) business strategy/execution and (b) financing and capital raising capacity building assistance</p> <p><i>Note: funds can choose more than one answer option here</i></p>	<p>business strategy/execution: 90%</p> <p>financing and capital raising: 75%</p>	<p>business strategy/execution: 85%</p> <p>financing and capital raising: 82%</p>	<p>business strategy/execution: 100%</p> <p>financing and capital raising: 61%</p>
<p>Number of funds that provide majority of portfolio companies with (a) social and environmental performance and (b) social and environmental reporting capacity building assistance</p> <p><i>Note: funds can choose more than one answer option here</i></p>	<p>social and environmental performance: 69%</p> <p>social and environmental reporting: 60%</p>	<p>social and environmental performance: 71%</p> <p>social and environmental reporting: 76%</p>	<p>social and environmental performance: 67%</p> <p>social and environmental reporting: 28%</p>

## UNDERSTANDING THE GLOBAL IMPACT INVESTING RATING SYSTEM (GIIRS)

GIIRS provides an independent judgment of social and environmental impact for both companies and investment funds using a ratings scale of 1 to 5 stars. Through a broad spectrum of questions regarding impact models, practices, policies and achievements, the system is designed to be applicable to a wide range of industries and business models. Also, like impact investing, GIIRS sets itself apart from socially responsible investment ratings, which typically focus on negative screens, as GIIRS ratings recognize only positive impact generated by a company or fund.

### RATINGS SYSTEM OVERVIEW

The GIIRS assessment and ratings are:

**Transparent:** Criteria and weightings for each impact area, subcategory and individual question within the assessment are fully transparent.

**Independently Governed:** Overseen by independent Standards Advisory Council of experts, practitioners, investors and thought leaders.

**Dynamic:** A new version of the survey is developed every two years.

Unique characteristics:

**Comprehensive:** Recognizing multiple social impact models as well as >100 multi-stakeholder practices and policies of a sustainable enterprise.

**Comparable:** Allow investors to compare and aggregate ratings of various company geographies, sectors, and sizes in the same portfolio. Specifically tailored questions and weightings applied in a consistent framework ensure both relevancy and comparability. There are twelve company tracks in domestic markets and sixteen tracks in emerging markets.

**Adaptable:** Incorporate industry addenda focused on products and services of companies within specific industries. Based on market demand, currently offer financial services addenda for both developed and emerging markets and a building addendum for developed markets. Additional addenda for other industries will be added over time.

**Positive Impact Focus:** GIIRS ratings focus on the performance generated by a company or fund, rather than on negative screens

**Appropriate for Private Companies:** Questions tailored for small and medium sized enterprises

**For Assessment & Improvement:** Companies can use the GIIRS Assessment to both get a GIIRS rating and as a tool to manage their performance overtime

### GIIRS

#### ASSESSMENT STRUCTURE

##### I. Social Enterprise Models

Specific models designed to create social and/or environmental impact through company products or services, target customers, value chain, ownership or operations.

##### II. Operations

Impactful practices, policies and achievements.

- a. Governance
- b. Workers
- c. Community Products
- d. Community Practices
- e. Environment Products
- f. Environment Practices

##### III. Disclosure Questionnaire

Unweighted disclosures to investors of potentially sensitive issues.

### THE VERIFICATION PROCESS

GIIRS utilizes a three level verification process to ensure accuracy and validity of ratings information. All ratings and reports will be classified according to the level of review undertaken. Deloitte & Touche LLP has been retained as the preferred provider of document and on-site review services to assist GIIRS in its validation and rating process. In certain instances, GIIRS or another third-party will conduct documentation and on-site reviews.

#### Step 1: Assessment Review

Companies engage in a 1-2 hour call with GIIRS staff to review answers, clarify questions and definitions, and ensure proper inputs for calculations.

**Ratings Classification:** Preliminary  
**Reviewed By:** GIIRS

#### Step 2: Documentation Review

Companies are required to provide documentation to support responses to certain questions deemed material by GIIRS. A review of the selected documents will be executed with the assistance of a third-party.

**Ratings Classification:** Reviewed  
**Reviewed By:** 3rd Party Services Provider

#### Step 3: On-Site Review

Each year 10% of the prior year's GIIRS-rated companies will be selected by GIIRS for an on-site review. An on-site review includes a facilities tour, employee interviews and assessment of additional supporting documentation.

**Ratings Classification:** On-Site Reviewed  
**Reviewed By:** 3rd Party Services Provider

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## OUR SINCERE THANKS TO OUR GIIRS FUNDS, PIONEER INVESTORS, AND PARTNERS FOR THEIR COMMITMENT AND SUPPORT.

**Pioneer Investors:** The Annie E. Casey Foundation, Armonia, Calvert Foundation, Farm Capital, The Gatsby Charitable Foundation, Ghana Venture Capital Trust, Halloran Philanthropies, The Impact Investing Foundation, The Inter-American Development Bank, J.P.Morgan, KL Felicitas Foundation, W.K Kellogg Foundation, Labrador Ventures, Prudential, The Rockefeller Foundation, RSF Social Finance, Sarona Asset Management, Skoll Foundation, Tony Elumelu Foundation, UBS, Vancity Community Capital

**Partners:** Agora Partnerships, BRiIX, The Hitachi Foundation, Investors' Circle, Village Capital, Mission Markets, Nexii, SVX, ANDE, Watershed Capital, IRIS, Social Stock Exchange

**GIIRS Funds:** Acumen, Adobe Capital, Agora Partnerships, Agri-Vie, AlphaMundi, Bamboo Finance, BPI, Brazil Impact Investing Management, Caspian Advisors, Catalyst Microfinance Investors (CMI), City Light Capital, Core Innovation Capital, Claro y Asociados, Conservation International, Developing World Markets (DWM), E+CO, EcoEnterprises, Equilibrium Capital, Fanisi, Fundacion IES, Gray Ghost Ventures, Good Capital, Grassroots Capital, Greenmont Capital Partners, HCP & Co, IGNIA, Microvest, New Markets Education Partners, Leopard Capital Haiti Fund, Impact Investment Partners, InReturn Capital, Inversor, Investeco, Mergence Investment Partners, Mindful Investors, Murex Investments, NewSpring, New Ventures, Pacific Community Ventures, Pearl Capital, Renewal 2, Renovus, RiskeBiz, Root Capital, RSF, Satori Capital, SEAF, SJF Ventures, Sustain VC, TBC Capital, TBL Capital, Vital Capital, Vox Capital, Willow Impact Investors

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RATINGS  
& ANALYTICS  
for Impact Investing

GIIRS Impact Ratings provide investors for the first time with a comprehensive, comparable, and third-party verified assessment of companies' and funds' social and environmental impact. The GIIRS Analytics platform gives investors uniquely powerful tools to analyze aggregated, verified and comparable data on the social and environmental impact of companies and funds across geography, sector, organizational maturity, and size. GIIRS Ratings & Analytics is a wholly-owned subsidiary of B Lab, a non-profit organization.

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