

A Catalog of Methods for Entrepreneurs and Investors to Define, Measure and Communicate Social Impact and Return in Privately-Held Companies

CATALOG OF APPROACHES TO IMPACT MEASUREMENT

Assessing social impact in private ventures

Version 1.1

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with the support of
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APPROACHES TO IMPACT MEASUREMENT: Assessing social impact in private ventures

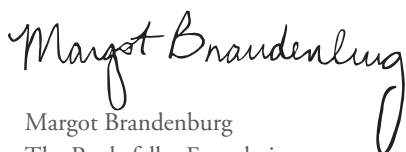
In October 2007, the Rockefeller Foundation convened a diverse group of investors actively deploying capital into investments that generate financial as well as social or environmental returns. These investors, who represented diverse backgrounds, institutional affiliations and investment philosophies, met to discuss how significantly greater amounts of capital could be placed more effectively into impact investments. The group, which named itself the Rockefeller Impact Investing Collaborative (RIIC), specifically identified the lack of clear, consistent, credible impact information as an impediment to achieving greater scale in this sector.

The group made it a priority to understand what methods exist for identifying and measuring impact, and to examine whether and how they might build on existing work to implement a common system of measurement. Following the meeting, the Rockefeller Foundation commissioned Social Venture Technology Group (SVT) to conduct a landscape of existing methods to measure impact suited to the private equity and debt context, and to advise RIIC members on how they might proceed. The results of this work are presented in two companion documents:

Catalog of Approaches to Impact Measurement, a summary of the range of methods that exist, and


Impact Measurement Recommendations to Impact Investors, which succinctly captures SVT's analysis and recommendations to the RIIC.

It is our hope that this information and analysis will contribute to a more coordinated and effective approach to impact measurement.



Margot Brandenburg
The Rockefeller Foundation
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I. Context

There is an emerging zeitgeist in the investment community: society's goal should be to create an environmentally sustainable economy that is healthy and dignified for all people. This view represents a fundamental shift in the definition of "investment." At its heart is a dawning awareness—grounded in evidence — of both the cost of not considering environmental sustainability and social impact, and the benefit of doing so. Since capital is arguably the fuel of the economy, those who identify with this zeitgeist believe investors have a fundamental role to play in bringing the more perfect economy into being.

Enter "impact investors." A group of real estate, debt and private equity investors hosted by the Rockefeller Foundation in the fall of 2007 chose this term to characterize themselves as they invest with the intent to achieve not only financial returns but also better environmental and/or social outcomes than would be the case in typical investments. They vary in their investment theses and specifically on the question of whether there is necessarily a tradeoff between financial and non-financial returns, but they all share a fundamentally different view of the role of investment in society, and a vision of proactively seeking investments that deliver more positive impact. Together, they represent institutions managing trillions of dollars and wield significant influence on the economy. The prospect faced by such investors, of factoring environmental and social impact into returns analysis, begs several questions. Some of the most pressing are:

- How can investors know whether they are helping or hindering progress toward an environmentally sustainable, healthy, dignified economy?
- How does a portfolio company's pursuit of this goal affect risk and financial returns?
- If there is an added cost associated with pursuing this goal, what approach can be used to assess whether it is "worth it"?

Furthermore, like any emerging industry, impact investing is beset by inefficiencies arising from poor coordination, duplicative activity, and confusion over language. Standardized approaches to impact measurement are one important way to lessen the friction that hinders capital formation and scale for impact investments. To inform action impact investors could take to measure impact in a coordinated manner, The Rockefeller Foundation commissioned the study of impact assessment approaches presented here.

It is natural to hope to find a single, turnkey solution that can address all measurement needs. In this study we conducted a survey of impact investors and complemented it with seven years of experience in the field of impact investing to discover what these investors want from impact measurement, and conducted in-depth interviews with over twenty entities that have developed and implemented approaches¹ to measuring impact. Our survey of existing approaches was thorough but surely is not comprehensive; however the approaches are a good representation of the current state of play. What we found is that there is not one single measurement answer. Instead the answer depends on what solution is most appropriate for a particular investor's "impact profile" defined as the investor's level of risk tolerance and desired financial return, the particular sector in which the investor operates, geography, and credibility level of information about impact that the investor requires.

¹ By *approach* we mean a named, documented process that is used to assess either the actual social and/or environmental impact of a private organization's activities or leading indicators of that impact. We use *approach* and *method* interchangeably in this report.

While there are many potential ways of grouping approaches, for the purposes of this catalog we characterize them in terms of three impact measurement approach types: **rating systems**, **assessment systems**, and **management systems**, defined below. Within each type of approach there are **sector-specific approaches** that speak to issues particular to a certain industry, geography or type of impact, and more cross-cutting **general approaches**. There are solutions that prove impact to a social science standard of credibility, and there are solutions that rely entirely on company self-report of leading indicators of impact but are much more feasibly implemented. This Catalog presents information about each approach to make more transparent how each is applicable to the diverse perspectives from which impact investors approach investment.

RESEARCH METHODOLOGY

To identify approaches suitable for impact investors who are investing in privately-held companies, the project team first surveyed the Rockefeller-convened investor group to determine their impact measurement goals and design criteria. Based on this information, we developed a set of questions to apply to approaches building upon groundwork first laid in the *Double Bottom Line Methods Catalog*, a related study undertaken in 2002-2003, also with support from the Rockefeller Foundation. Then, beginning with approaches previously documented in the *Catalog* and other approaches gleaned from our work with impact investors and entrepreneurs, we compiled a list of entities that had developed approaches, and contacted their representatives for interviews. To diminish our own inherent geographic bias, and that of the RIIC members (who are mostly based in the US and Europe), we also contacted leading social entrepreneurs in 16 countries to ask what approaches should be included.

Using information from these interviews, and in three cases publicly available information (for approaches where we were unable to reach an interviewee), we mapped each approach relative to investors' design criteria. The Catalog contains 25 approaches that are currently being applied in privately-held companies and/or non-profit organizations that run revenue-generating businesses.

To compile the list of approaches for this Catalog, we contacted investors, practitioners and social entrepreneurs in the following countries:

Canada
China
Egypt
India
Japan
Korea
Malaysia
Mexico
the Netherlands
Peru
Singapore
South Africa
Thailand
United Kingdom
United States
Vietnam

II. Key Concepts

To contextualize the Catalog, the following Key Concepts are useful.²

Impact investment is private equity, debt and/or real estate investment that generates financial returns as well as measurable social or environmental returns beyond comparable industry standard investments. Impact investors and their investees explicitly seek to generate both financial and these extra-financial returns.

In business the concept of an addressable market means the total potential market for a product or service, measured in dollars of revenue per year. Analogously, the *addressable impact* or *addressable impact opportunity* describes the quantifiable size and scope of the specific problem or issue that a given impact investment has the potential to realize within a given period of time (for example, to eradicate 5% of all carbon emissions produced in a given industry, or to slow by half the current 20% per year rate of increase in new cases of a given disease among a certain population). Defining the addressable impact facilitates impact measurement by investors and companies alike.

INVESTOR PERSPECTIVES

The relationship of the investor to the investment affects the nature of the information the investor needs about impact.

Limited partners (LPs) are investors who invest in portfolio companies via direct investors, called general partners (GPs). Generally, LPs seek to evaluate their fund managers by the sum of the underlying portfolio impacts and return on investment, and may track other metrics that are specific to the fund manager.

Direct investors deploy capital directly into portfolio companies. Generally they seek to understand the significant impacts of each portfolio company, as well as the relative efficiency of impact creation from one company to another when comparisons are appropriate.

Portfolio companies include companies that seek and receive capital from direct investors, and investment funds that seek and receive capital from limited partners. In the impact investing arena, both seek tools to determine whether those investors' goals are aligned with their financial and impact value propositions, and to manage their own growth in a way that maintains and reinforces its positive impact rather than undermining it.

It is worth noting that *investment advisors*, professionals who advise and/or manage the assets of investors, also play a very important role in impact investing. Advisors seek tools with which to construct portfolios that not only balance financial risk and return over time, but also take into account social (risk and) return. They may at different times view impact from the perspectives of both limited partners and direct investors. This report is addressed to them as well.

² This discussion is largely excerpted from *Impact Measurement Approaches: Recommendations to Impact Investors*, the companion piece to this Catalog which contains recommendations about which approaches would be useful in which investment contexts.

DEFINING THE FUNCTIONS OF IMPACT MEASUREMENT APPROACHES

From the point of view of investors, the primary applications of an impact measurement approach are in the up-front *screening* of investments during due diligence, in *ongoing performance tracking and learning* once the investment has been made, and in periodically *summarizing results*. Within either of these two fundamental functions it is possible to look at *specific* impacts, such as carbon reduction or poverty alleviation, or to gauge *general* indicators of whether an investee has all the key bases covered (e.g. environment, health, economic, etc.) to a minimum standard.

| FUNCTION: | SCREENING "Rating System" | SUMMARIZING RESULTS "Assessment Systems" | ONGOING TRACKING "Management Systems" |
|-----------|------------------------------|---|--|
| GENERAL | | | |
| SPECIFIC | | | |

A key dichotomy within ongoing performance tracking and improvement is whether the methodology actually measures the real *outcomes* or *impacts* that result from the portfolio company's work, or tracks *leading indicators*, or proxies, of impact.

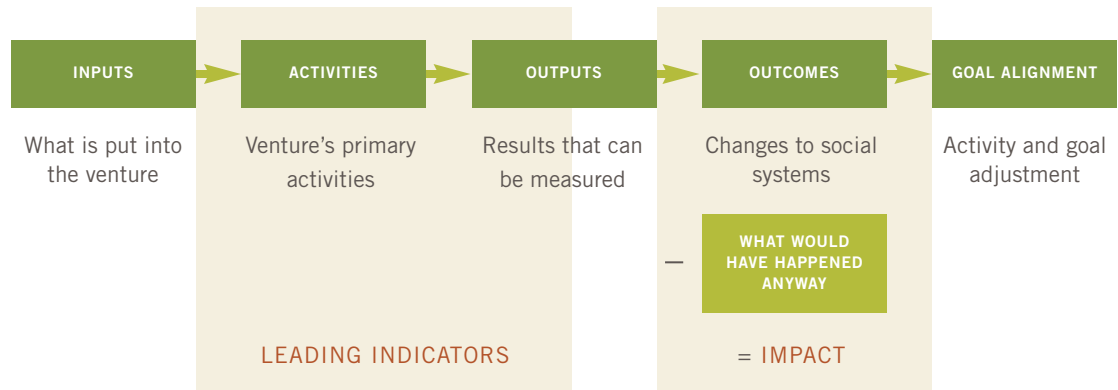
Leading indicators are practices and products and byproducts (*outputs*) that a company itself can measure or assess directly. These are generally intended to serve as proxies for impact. For example, leading indicators for a foam company that uses technology to incorporate recycled foam instead of using new chemicals could be the number of tons of foam recycled, and the kilowatt hours of energy used.

Outcomes are the ultimate changes one is trying to make in the world, as well as the intended and unintended side effects of the business. For the foam company, outcomes could include the emissions avoided and water and chemicals not consumed as a result of the foam recycled, the related cost savings to the company, and the carbon emitted as a result of additional energy used in recycling.

Impact refers to the portion of the total outcome that happened as a result of the company's activity, above and beyond what would have happened anyway. In social science, one needs what is called a "counterfactual" to compare to the experimental state in order to discern the effect of the dependent variable from among all other factors that could be causing a change. In the context of impact investing, impact may be determined by the outcomes of a company relative to an industry standard comparison.

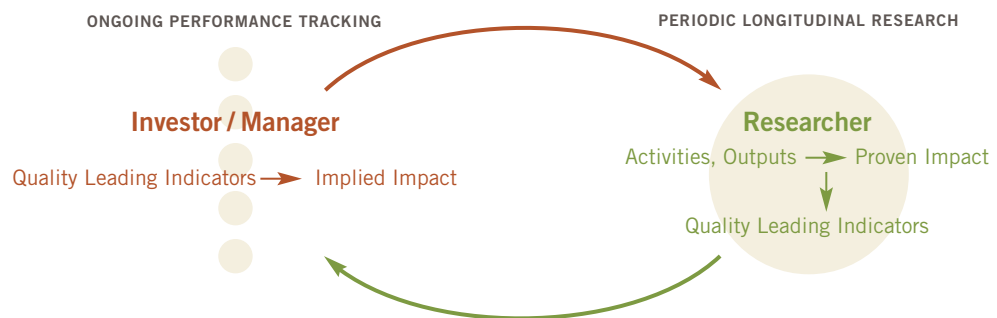
The relationship between leading indicators (generally activities and outputs) and outcomes and impact is summarized in this simplified illustration of impact creation, called the *impact value chain*.

Impact Value Chain



Based on the Impact Value Chain in *The Double Bottom Line Methods Catalog*, Clark, Rosenzweig, Long and Olsen and The Rockefeller Foundation, 2003.

A critical concept is the *quality leading indicator*. A quality leading indicator marks the difference between something that's easy to count but unrelated to actual impact, and something that's both countable and is in fact a valid proxy for impact. A new relationship is emerging between researchers and investor/managers, wherein researchers prove through experimental studies what actions cause impact, and investor/managers grow enterprises that perform these actions on a large scale. The critical question in practice is whether the actions are being done in a manner that in fact delivers the desired results. It is possible to gauge this to a reasonable degree of credibility via the proxy of actions and/or outputs that have been determined by researchers to be leading indicators of impact, and which can be easily measured by management during the course of regular operations.



PROCESS VERSUS IMPACT

While sometimes the fact that a process exists can be a proxy for an outcome or impact, it is not synonymous with the impact itself. It is critical to articulate the difference when designing a measurement system, lest activities done with the intent of creating results be confused with the results themselves, and one lose sight of whether the intent is realized.

Finally, it is important to note that companies create impact both internally and externally. *Internal impact* includes the impact on employees' health and economic security, the environmental effects of the company's supply chain and operations, and impact on issues of access, fairness and trust in company policy and management practices. *External impact* includes the health, economic, environmental, and other effects on parties outside the company, such as customers and communities. While it is easy to overlook internal

impact in early stage ventures, this is the time to bake practices into the company's DNA that will shape the larger internal impacts as the company matures.

The 2003 Double Bottom Line Project produced a simplified breakdown of the Stages of *Impact Assessment* that characterize the credibility level of an organization's impact assessment. We have updated this for an investor's perspective, to incorporate "optimized impact," meaning impact assessment practices that can make the relationship between impact and financial performance visible and manageable.

Stages of Impact Assessment

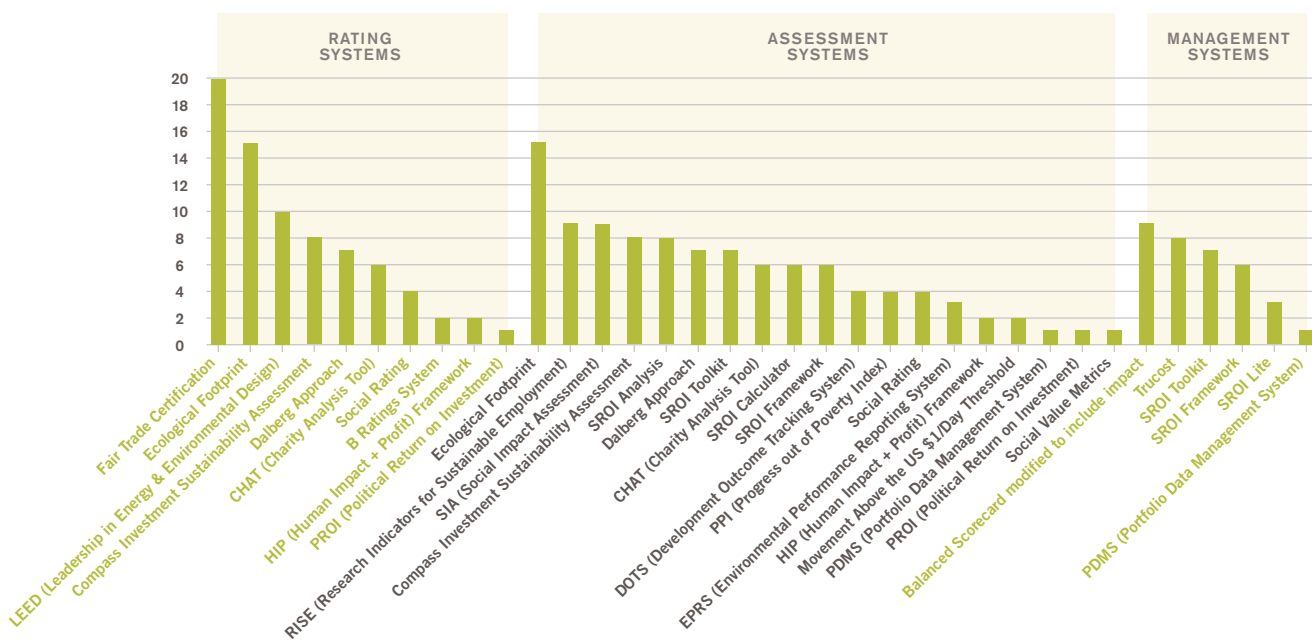
| STAGE | "Implied Impact" | "Proven Impact" | "Optimized Impact" |
|------------|--|---|---|
| | STORYTELLING + INTERNAL DATA ANALYSIS | EXTERNAL DATA ANALYSIS + EXPERIMENTAL ANALYSIS | PROVEN IMPACT + INTERRELATIONSHIP WITH FINANCIAL PERFORMANCE |
| DEFINITION | Through the comparison of our activities and outputs to internal performance targets supplemented by staff and/or customer anecdotes, we believe it works. | We compare our data to existing comparables and experimental or statistical data, and can predict our impacts using these proxies. We also do primary research or partner with third party experts to conduct experiments on a subset of our work to demonstrate our actual impact. | We assess our proven impact relative to the investment required, and systematically measure the ways our impact affects our financial performance and vice versa. |

III. Approaches in Context

Not all of the approaches cataloged were originally devised for use in privately-held companies. However, all have been applied in businesses that are not publicly-traded, and thus the approaches address the data acquisition challenge where environmental and social performance reporting is not regulated. A considerable amount of innovation has taken place in the past decade.

YEARS SINCE FIRST IMPLEMENTATION OF APPROACH

A few of the methods serve as both Rating and Assessment or Assessment and Management Systems. While all approaches are of relatively recent vintage, on average Rating Systems are slightly older than Assessment and Management Systems. This suggests that the market is maturing, as investors and companies begin to recognize the value of proactively managing impact.

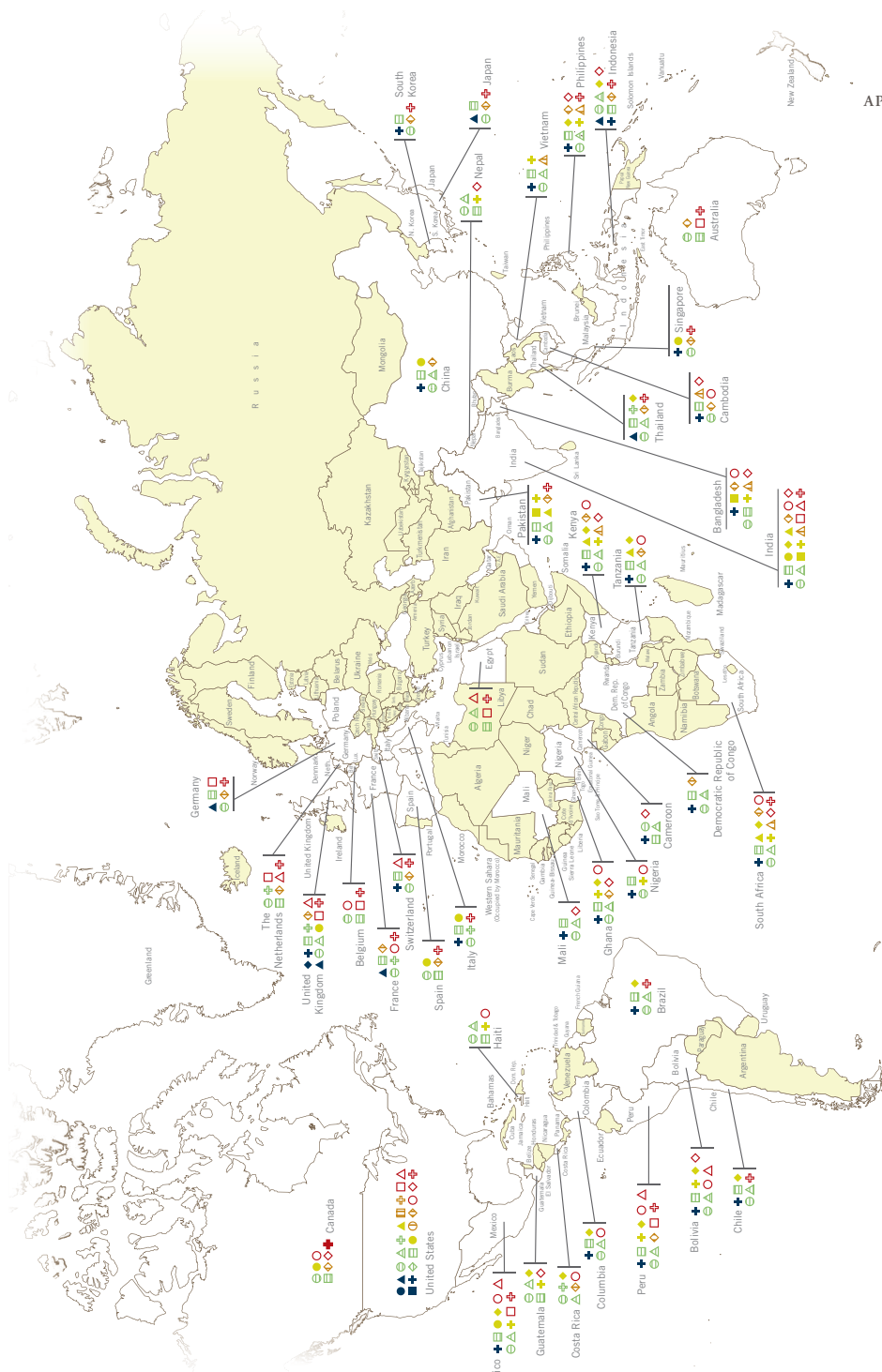


REGIONS WHERE APPROACHES ARE APPLIED

The map on the next page shows the countries in which the different approaches have been used to date.

REGIONS WHERE APPROACHES ARE APPLIED

This map shows the countries in which the different approaches have been used, for approaches for which data were available. To see an interactive version of this map, either click on the map or go to <http://www.svtgroup.net/interact/impactmap>.



KEY

- B Ratings System
- Balanced Scorecard (modified to include impact)
- ◆ CHAT (Charity Analysis Tool)
- ▲ Compass Investment Sustainability Assessment
- ⊕ Dalberg Approach
- ⊕ DOTS (Development Outcome Tracking System)
- ⊕ Ecological Footprint
- ⊕ EPRS (Environmental Performance Reporting System)
- ▲ Fair Trade Certification
- ⊕ HIP (Human Impact + Profit) Framework
- LEED (Leadership in Energy and Environmental Design)
- Movement Above The US \$1 a Day Threshold
- ◆ Social Value Metrics
- ▲ PDMS (Portfolio Data Management System)
- ⊕ PPI (Progress out of Poverty Index)
- ⊕ PROI (Political Return on Investment)
- ⊕ RISE (Research Indicators for Sustainable Employment)
- ⊕ SIA (Social Impact Assessment)
- ▲ Social Rating
- ⊕ SROI (Social Return on Investment) Analysis
- SROI Calculator
- SROI Framework
- ◇ SROI Lite
- △ SROI Toolkit
- ⊕ Trucost
- Indicates countries in which few or no approaches (between 0-4) are known to have been used

IV. Key to the Impact Measurement Approach Summaries

The approach summaries classify approaches based on their current application as of winter 2008. The summaries were developed based on interviews with their originators except in three cases where we used publicly available data. This glossary defines the variables we have applied to define and evaluate the methods listed in the Catalog.

FUNCTIONAL TYPE: The broadest classification of the method, in the upper right boxes.

Rating System: In terms of a fixed set of indicators, the impact investment's quality, or potential quality, is summarized by a score or symbol.

Assessment System: In terms of a fixed or customized set of indicators at a point in time, evaluates characteristics, practices, and/or results of portfolio investments but does not provide explicit tools to manage the tracking of operational data by the organization over time.

Management System: Provides tools for organizations to manage detailed operational information about drivers of impact.

General: The method was not developed for a specific industrial sector, geographic region, or impact issue and can be applied the same way across any sector.

Sector-specific: The method is customized to a specific industry, geographic or issue-based sector (e.g. manufacturing, rural geographies, poverty).

BRIEF DESCRIPTION OF APPROACH: Tells us what the approach is designed to do (e.g. gauge and improve performance, track a consistent set of quantitative financial and social metrics, etc.) and how it is generally being used today.

Methodology: This discusses the technique by which the approach is applied, and the type of data inputs required and analytical results produced by it.

Drivers for the Development of the Approach: Describes the context in which the approach was originally developed, and the issue its originators were trying to address.

SCOPE OF ANALYSIS: Describes the nature of the content the approach captures, and to what degree of depth (light yellow being more high-level, and dark yellow being more comprehensive or in-depth).

Impact: What Stage of Impact Assessment do the results generated achieve?

Implied: The type and amount of impact is inferred using leading indicators that have been proven through experimental research or substantial empirical evidence in other settings to yield that impact.

Proven: Results are calculated net of a base case scenario (i.e., what would likely have happened either in the case where the company or organization did business in the manner of the current

industry standard, or in the imagined scenario where the company did not exist) and therefore constitute a degree of proof that impacts are demonstrably present rather than just implied.

Optimized: Results are not only proven, but are related to the investment required to reveal, over time, the entity's relative impact efficiency, and in the case of some approaches, are systematically analyzed in a way that reveals correlations between impact and financial performance.

Perspective: What is the approach's focus in terms of impacts internal and external to the organization?

External: Includes impacts on people and places outside the company's walls that are caused by the organization's activities, products or services, such as the effect on poverty in a community caused by a microfinance institution.

Internal: Includes impacts within the company's walls, such as its effect on its own employees and the footprint of its own operations.

Category: Which broad types of impact does the approach measure, and in what depth?

Economic: Financial impacts on parties other than the owners or investors of the enterprise, and other than the financial performance of the business itself, such as changes in the income or financial stability of employees or community members, or in public expenditures.

Social: Impacts other than economic or environmental experienced by stakeholders of the enterprise, such as changes in physical and mental health, quality of life, attitudes or behaviors.

Environmental: Impacts having to do with the status of natural resources and ecosystems, such as changes in carbon emissions related to climate change, water quality, or biodiversity.

DATA MANAGEMENT: Lists the information tools used to collect, analyze and report impact or leading indicator data. This is differentiated to show the different roles and access of the Investor, Company, and Third Party.

Data Entry: Who enters the data, and what tools do they use?

Analysis: Who conducts the analysis, and what tools or processes enable it?

Report: Who has access to the report, and in what format?

APPLICATIONS TO DATE: Tells us when the approach was launched, and lists an estimate of the number of organizations that have used or are currently using this approach, what types of organizations these are, and in what geographic regions they are located.

FEASIBILITY: Illustrates the personnel resources required to apply this approach over a two-year period. The time estimate indicates the upper and lower limits of time spent in full-time equivalent (FTE) days per quarter. Time charts are shown for the investor, company management and staff, and consultant/third party.

Investor: This refers to the management or staff within the entity making the investment.

Management: Refers to the executive leadership of the company.

Staff: Refers to the company's non-executive employees, contractors and/or volunteers.

Consultant/Third Party: Refers to individuals working on behalf of an entity other than the investor or company.

CREDIBILITY & VERIFICATION: Indicates what the data sources are, and if there is verification of the data. Activities that relate to the credibility of results include, from highest credibility to lowest credibility:

- On-site 3rd-party verification of results where the verifier sees the evidence/records it themselves. Systematic tracking of actual impact.
- Offsite 3rd party verification of processes, practices and source documentation by confirming consistency of self-reporting. Systematic use of proxy impact data from sources like government statistics or longitudinal studies.
- Systematic tracking by the company or organization of leading indicator data, but no 3rd party verification. Partial but non-systematic use of proxy impact data from sources like government statistics or longitudinal studies.
- After-the-fact, non-systematic reporting of results by the company or organization's management or staff.

V. Catalog of Approaches

We catalog 25 approaches here.

| Approach Name | Rating Systems | Assessment Systems | Management Systems | Page # |
|--|----------------|--------------------|--------------------|--------|
| B RATINGS SYSTEM | X | X | | 20 |
| BALANCED SCORECARD MODIFIED TO INCLUDE IMPACT | | | X | 22 |
| CHAT (CHARITY ANALYSIS TOOL) | X | X | | 24 |
| COMPASS ASSESSMENT FOR INVESTORS | X | X | | 26 |
| DALBERG APPROACH | X | X | | 28 |
| DOTS (DEVELOPMENT OUTCOME TRACKING SYSTEM) | | X | | 30 |
| ECOLOGICAL FOOTPRINT | X | X | | 32 |
| EPRS (ENVIRONMENTAL PERFORMANCE REPORTING SYSTEM) | | X | | 34 |
| FAIR TRADE CERTIFICATION | X | | | 36 |
| HIP (HUMAN IMPACT + PROFIT) FRAMEWORK | X | X | | 38 |
| LEED (LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN) CERTIFICATION | X | | | 40 |
| MOVEMENT ABOVE THE US \$1 A DAY THRESHOLD PROJECT | X | | | 42 |
| PDMS (PORTFOLIO DATA MANAGEMENT SYSTEM) | | X | X | 44 |
| PPI (PROGRESS OUT OF POVERTY INDEX) | | X | | 46 |
| PROI (POLITICAL RETURN ON INVESTMENT) | X | X | | 48 |
| RISE (REAL INDICATORS OF SUCCESS IN EMPLOYMENT) AND OASIS (ONGOING ASSESSMENT OF SOCIAL IMPACTS) | | X | | 50 |
| SIA (SOCIAL IMPACT ASSESSMENT) | | X | | 52 |
| SOCIAL RATING | X | X | | 54 |
| SOCIAL VALUE METRICS | | X | | 56 |
| SROI ANALYSIS | | X | | 58 |
| SROI CALCULATOR | | X | | 60 |
| SROI FRAMEWORK | | X | X | 62 |
| SROI LITE | | X | X | 64 |
| SROI TOOLKIT | | X | X | 66 |
| TRUCOST | | X | X | 68 |

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

B Rating System

B Lab

BRIEF DESCRIPTION OF APPROACH

The B Rating System™ is an online survey, database and report designed to gauge and improve a company’s performance relative to social and environmental standards. B Lab staffs an independent Standards Advisory Council that will update new versions of the system every two years. B Lab plans to make public aggregated data by industry, geography, company size, and ‘area of excellence,’ and make available custom, aggregated data to B Corporation Capital Partners (investors and fund managers).



UNITED STATES

Methodology Depending on size and industry sector, companies are asked between 60 and 170 questions that assess a company’s performance across 5 categories: its governance and impact on its employees, community, environment, and consumers. A B Report with an overall score and star rating, category scores, as well as 10 to 15 sub-category scores, is produced in real time for the company to see; these results are public for B Corporations, but remain confidential for non-B companies. Any company can complete all or part of the B Survey, receive a B Report and rating on a 5-star scale, and access resources to help improve its performance at no cost. Answering it in full and submitting to third-party audit is a requirement for companies that pay a licensing fee to adopt the B Corporation mark.

Drivers for the Development of the Approach B Lab’s founders were interested in what would cause more investment to flow into positive impact companies. From 2005-2007 they spoke with about 600 social entrepreneurs and investors; the most often voiced blockage was the lack of clear, comparable, transparent, comprehensive metrics. The B Ratings System integrates aspects of many approaches including GRI, HIP, LEED, SROI, SVN and Wiser Earth.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|-----------|--------|
| Investors | W | Automated | W ☆ |
| Company | W | Automated | W ☆ |
| Third Party | | | |

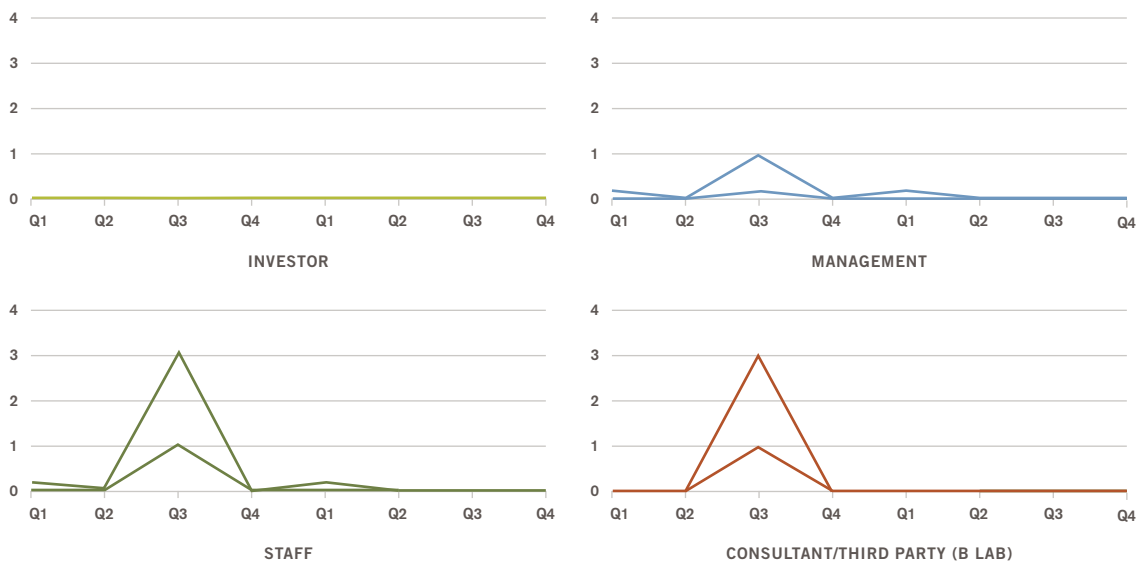
| KEY: | DATA ENTRY | ANALYSIS | REPORT |
|------|--------------------|------------|---------------------|
| | Spreadsheet | Manual | Written Report |
| | Web/Database | Automated | Spreadsheet |
| | Research Synthesis | Customized | Web |
| | | | Certification/Label |

APPLICATIONS TO DATE

Launched in 2007, as of Q1 2008, 85 organizations had obtained B Corp certification and approximately 350 had begun the survey. It is currently versioned for three sectors: manufacturing, distribution and service. All yield results that are comparable across industry types. B Lab plans to add Industry Addendums with sector-specific metrics, beginning with Financial Services and Developing World SMEs, and possibly Sustainable Agriculture.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- For all B-certified companies, B Lab verifies processes, practices and source documentation by confirming consistency of self-reporting.
- For 10% of B-certified companies per year, verification is done by B Lab on-site, where the verifiers see the evidence/records themselves.
- Company tracking for both certified and uncertified users varies, and may range from research to prove actual impact, to non-systematic, post-hoc reporting.
- B Corp Capital Partners may customize documentation and verification standards.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

Balanced Scorecard

New Profit Inc.

BRIEF DESCRIPTION OF APPROACH

The Balanced Scorecard proposes that companies measure operational performance in terms of four outcome perspectives that go beyond financial measures alone: financial, customer, business process, and learning-and-growth, to arrive at a more useful view of near term and future performance. In 2000 its co-origiator, Robert Kaplan, adapted the approach for nonprofits, and worked with venture philanthropy firm New Profit Inc. to created Balanced Scorecards for its portfolio organizations. In collaboration with Kaplan, and the consulting firm he co-founded, Balanced Scorecard Collaborative (BSCol, now), New Profit added a fifth perspective to the framework: social impact. The summary below is based upon New Profit’s application among scalable nonprofit social enterprises.

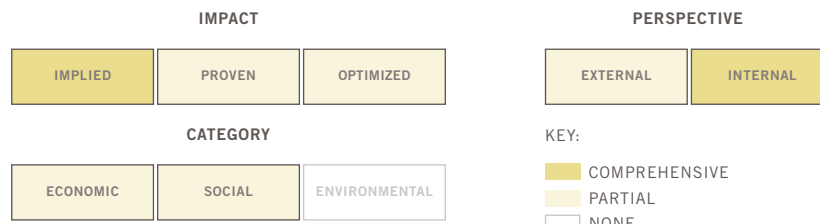


UNITED STATES

Methodology New Profit selects portfolio organizations using a rigorous evaluation process and key selection criteria related to social impact, leadership, previous performance, growth potential and fit with New Profit. Subsequent to investment, New Profit tracks the performance of organizations in its portfolio on a semi-annual basis. New Profit staff work with each portfolio organization often in conjunction with the BSCol to establish a Scorecard which is used by the organization and New Profit to measure progress against portfolio organizations’ goals, and to communicate performance to stakeholders, including their local sites, board members, and other funders. Metrics used relate to the Balanced Scorecard’s key perspectives: social impact, constituents, internal processes, learning and growth, and financial. Specific measures typically include compound annual growth rate (CAGR) of revenue, compound annual growth rate of “lives touched,” meaning individuals impacted by the organizations’ programs, and measures of program quality customized for each investment. Metrics related to building critical organizational capacity and competencies are also established for each investment. Results are reported for each portfolio organization in New Profit’s annual report, along with the organization’s mission and goals. New Profit also benchmarks revenue CAGR for its portfolio against two comparison groups of high impact and high performing nonprofit organizations: a 2004 Bridgespan Group study of high growth youth serving organizations and the *Fast Company* Social Capitalist Award Winners.

Drivers for the Development of the Approach Since 1998, New Profit has provided multi-year financial and strategic support to nonprofits with the potential for systems change; its founders see strategic impact management as an essential tool to achieving this end.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | | + | |
| Company | | + | |
| Third Party | | + | |

KEY: DATA ENTRY ANALYSIS REPORT

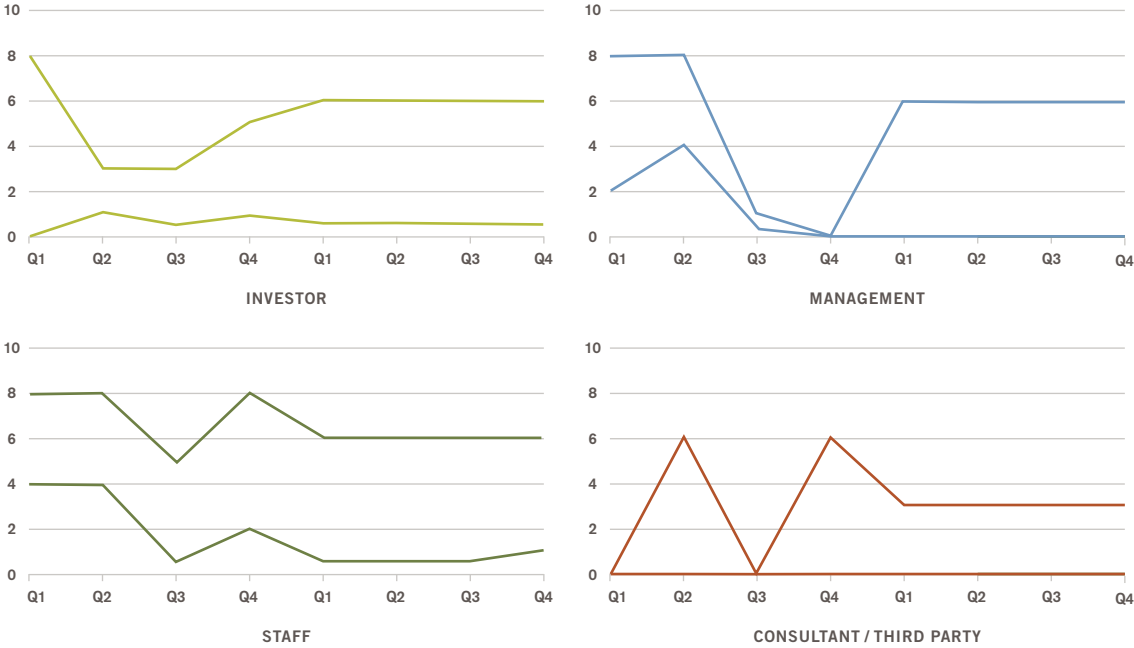
| | | | | | |
|--|--------------------|--|------------|--|---------------------|
| | Spreadsheet | | Manual | | Written Report |
| | Web/Database | | Automated | | Spreadsheet |
| | Research Synthesis | | Customized | | Web |
| | | | | | Certification/Label |

APPLICATIONS TO DATE

The Balanced Scorecard is employed at half of the Global 1,000 according to Bain & Company, as well as by many organizations in the private and nonprofit sectors, including the Federal government and many school districts. The exact number of these who have used the form modified to include social impact is not known.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- Data are self-reported by portfolio organizations based on systematic tracking.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

Charity Analysis Tool (CHAT)

New Philanthropy Capital

BRIEF DESCRIPTION OF APPROACH

CHAT is a research-driven approach first used in 2002. It was formalized in 2005 for consistency of application and to document the work in a form accessible to the field. The methodology is informed by Grantmakers for Effective Organizations’s due diligence, the McKinsey Capacity Assessment Grid, the Balanced Scorecard, cost-benefit analysis and social return on investment analysis. NPC has innovated an approach to assessing risk and other items, including a new a tool particularly indicated for measuring children’s well being. NPC is working on an update of the overall methodology to be published in 2008. The update will allow the rating to reflect change over time, look at synergies among program activities within an organization, and summarize the total impact of an organization with diverse programs.

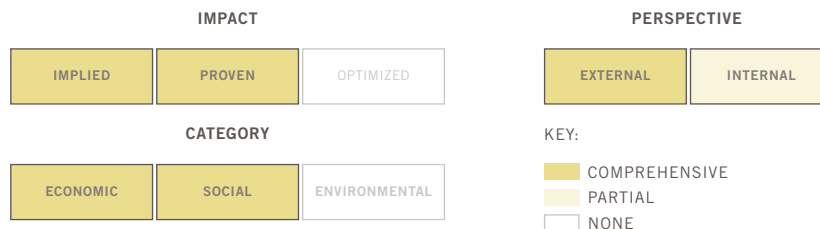


UNITED KINGDOM

Methodology Two NPC analysts spend 9 to 12 months analyzing a sector, using a combination of desk and field research, to understand how effectiveness is gauged, where the capital flows are, what the funding opportunities are, and to create a list of interesting organizations doing work in the area. Then NPC does site visits at these organizations to assess results, risks and organizational capacity, refines the list to up to 10 organizations, and conducts a deeper layer of desk and field research on these, whose names are then published as “NPC recommended” organizations. The methodology rates Results, Risks and Capacity. The analysis of Results is organized into three items: breadth, depth and change; and the analysis of Risk is organized into five categories: organizational, financial, management, strategy, and evidence (where evidence refers to NPC’s assessment of the credibility of the organization’s evidence of impact). The result is 2-page overview of each organization, with summary narrative data and quantitative scores on a scale of 1-5, rating: breadth (scale), depth (intensity), and change (causes vs. symptoms) of impact, risk, difficulty of fundraising, organizational maturity, innovation, scalability, replicability and geography. Subsequently the annual “donor update process” is based upon evaluation reports already created for other donors. CHAT subtracts base case evidence (about what would have happened in the absence of the organization’s activities) from results to arrive at an estimation of impact, when such information is available.

Drivers for the Development of the Approach New Philanthropy Capital’s founders came from the financial sector where they had enjoyed independent advice and information for investment decision-making. This level of information was not available for charitable giving, so they created NPC to provide an analogous research-oriented approach for understanding charities and their results.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | | | |
| Company | | | |
| Third Party | | + | |

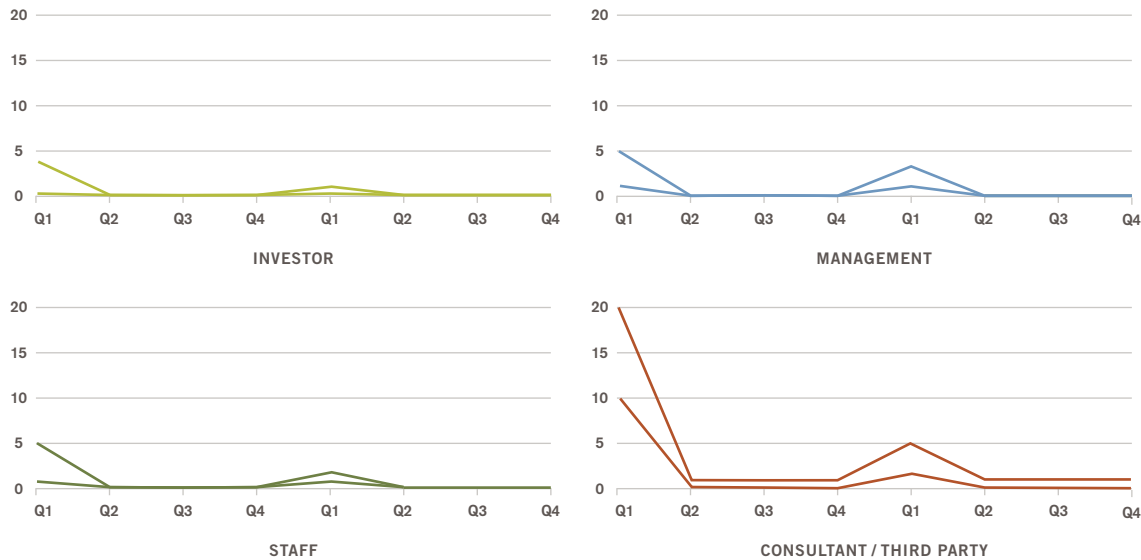
| KEY: | DATA ENTRY | ANALYSIS | REPORT |
|------|--------------------|------------|---------------------|
| | Spreadsheet | Manual | Written Report |
| | Web/Database | Automated | Spreadsheet |
| | Research Synthesis | Customized | Web |
| | | | Certification/Label |

APPLICATIONS TO DATE

CHAT has been applied to 400-500 charities throughout the United Kingdom. Where clients have been interested in foreign charities, NPC has performed a partial analysis, but does not officially call this an “NPC recommendation” since there is not the same rigor to the sector analysis.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- Depending upon the charity’s practices and available data, impact information may range from systematic tracking of actual impact, to post-hoc, non-systematic reporting of results by investee management or staff.
- NPC conducts on-site and off-site verification of results by collecting all available evidence, rating its credibility and assigning risk levels based on evidence gaps.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

Compass Investment Sustainability Assessment

AtKisson Inc.

BRIEF DESCRIPTION OF APPROACH

The Compass Investment Sustainability Assessment is a process specifically designed for early-stage companies. It helps equity investors choose companies that can accelerate the transition to social, economic, and environmental sustainability. The Index incorporates the AtKisson Compass’s five components: nature, economy, society, well-being (individual) and synergy (meaning how the points of the compass integrate with each other and the company itself). The Index was



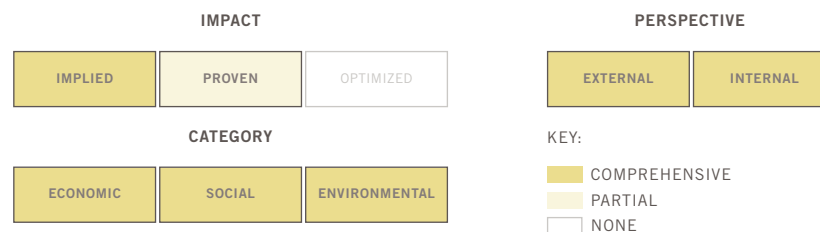
FRANCE, GERMANY, INDONESIA, JAPAN, SWEDEN, UNITED KINGDOM, UNITED STATES, THAILAND

developed for use by the US venture fund Angels with Attitude founded by Kristin Martinez, and was peer reviewed by venture capitalists and companies already pursuing sustainability. The process provides a formal assessment framework linked to international standards such as the Global Reporting Initiative.

Methodology AtKisson refined its Compass Index of Sustainability, which it had created to assess municipalities, to a system of parameters relevant to early stage companies that consider the five categories of the AtKisson Compass. Within each of the five categories, there are 20 parameters covering different facets of internal and external impact. Responses to each section are weighted according to a company’s main areas of activity and impact to arrive at a point score out of 100 possible points. AtKisson weights the parameters differently depending upon the industry and company’s intensity of input, output, and activity within each parameter. Metrics assess energy usage, material flows, interactions with the community, and are mostly qualitative, but some are quantitative. AtKisson consultants work with portfolio companies during due diligence or shortly after investment to gather data and rank the companies on a 100-point scale. This assessment is used to identify a limited set of opportunities for the company to improve its score over the life of the investment. The analysis is updated subsequently every 2-3 years thereafter depending upon whether the portfolio company has a sufficiently solidified business model at the time of the update, AtKisson prepares reports on each company that are presented to the company and its investors.

Drivers for the Development of the Approach In 2000, Martinez and a group of investors (all interested in considering sustainability in their decision-making and fund management) commissioned the Compass Investment Sustainability Assessment, since no tools appropriate to private equity existed then.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | | | ✍ |
| Company | 📄 📄 | | ✍ |
| Third Party | 📄 📄 | 👤 | |

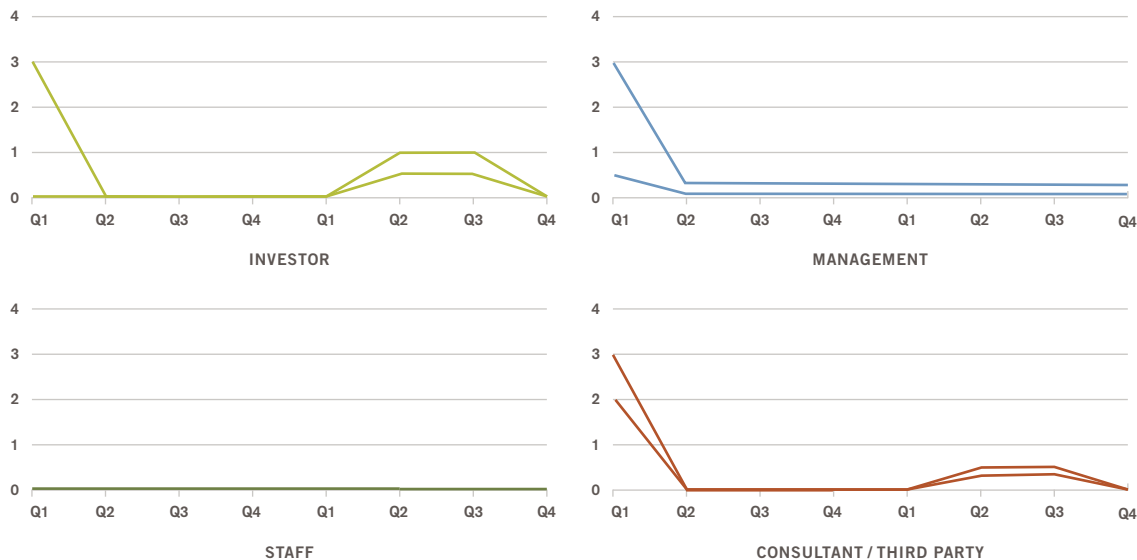
| KEY: | DATA ENTRY | ANALYSIS | REPORT |
|------|----------------------|--------------|-----------------------|
| | 📄 Spreadsheet | 👤 Manual | ✍ Written Report |
| | 📄 W Web/Database | 💻 Automated | 📄 Spreadsheet |
| | 📄 Research Synthesis | + Customized | 📄 W Web |
| | | | ☆ Certification/Label |

APPLICATIONS TO DATE

The Index has been used to evaluate 13 early-stage companies and to monitor the ongoing performance of 9 that became Angels with Attitude portfolio companies. In 2007 a streamlined version was applied to approximately 75 publicly listed companies using publicly available data.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- For early-stage companies, strong/on-site 3rd party verification of results where the verifier sees the evidence/records.
- Data are primarily self-reported by companies, though some are generated by third party sources.
- Company data are cross-referenced by AtKisson with other sources (e.g. government).

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

Dalberg Approach

Dalberg Global Development Advisors

Countries Included:

- ALBANIA, ANGOLA,
- BAHAMAS, BANGLADESH,
- BHUTAN, BOLIVIA,
- BOSNIA, BOTSWANA,
- BRAZIL, CAMBODIA,
- CAMEROON, CHILE,
- CHINA, COLOMBIA,
- CYPRUS, DEMOCRATIC
- REPUBLIC OF CONGO,
- DENMARK, EL SALVADOR,
- EQUATORIAL GUINEA,
- ETHIOPIA, GEORGIA,
- GHANA, INDIA,
- INDONESIA, ITALY,
- JORDAN, KENYA,
- KYRGYZSTAN, LAOS,
- LEBANON, LIBERIA,
- MALI, MEXICO,
- MOLDOVA, MONTENEGRO,
- MOZAMBIQUE, NAMIBIA,
- NIGERIA, PAKISTAN,
- PERU, PHILIPPINES,
- ROMANIA, RWANDA,
- SINGAPORE, SOUTH AFRICA,
- SOUTH KOREA, SWAZILAND,
- SWITZERLAND, SYRIA,
- TAJIKISTAN, TANZANIA,
- TUNISIA, TURKEY, UGANDA,
- UNITED KINGDOM,
- UNITED STATES, URUGUAY,
- VIETNAM, YUGOSLAVIA,
- ZAMBIA

BRIEF DESCRIPTION OF APPROACH

The Dalberg Approach is born from the strategic consulting models of McKinsey and Bain applied to organizations in the global development context. It is designed to help organizations understand the progress they are making toward double-bottom line (social and financial) goals as a core part of their strategy and operations. Dalberg Advisors sees three types of approaches to global development through investment, all of which carry a different level of expectations and accountability needs. The three scenarios are: 1) those seeking standard commercial returns with an eye toward social considerations; 2) those seeking blended capital models where a lower IRR is acceptable but profitability is expected nonetheless; and 3) social-enterprises that may not be commercially viable, but where self-sustainability is a primary goal.



COUNTRIES LISTED IN SIDEBAR











Methodology The Dalberg Approach is a customized performance evaluation process that starts with development of the project’s theory of change. Then, the Approach considers what inputs are going into a project and what activities are performed using those inputs. The next step is to understand the outputs of the effort as generated by the activities. From here outputs are related to outcomes—the social impact implications of the outputs. Finally, the information garnered is compared to a counterfactual or benchmark. These benchmarks are often in the form of comparison to a traditional business so one can clearly articulate the value of taking a double-bottom line approach to what might otherwise be a standard corporate effort. Ideally this information is updated quarterly or annual at minimum. Ongoing management of the information is ideal, but challenges remain in organizational comfort with this level of transparency and accountability.

Drivers for the Development of the Approach The approach was developed beginning in 2001 by people from the traditional strategic consulting community, who saw a need to apply strategic consulting principles to the emerging marketplace in global development investment.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|---|---|---|
| Investors |  |  + |   |
| Company |  |  + |   |
| Third Party |  |  + |   |

| KEY: | DATA ENTRY | ANALYSIS | REPORT |
|------|--|---|---|
| |  Spreadsheet |  Manual |  Written Report |
| |  Web/Database |  Automated |  Spreadsheet |
| |  Research Synthesis | + Customized |  Web |
| | | |  Certification/Label |

APPLICATIONS TO DATE

Dalberg has been implementing elements of this approach since 2001 with increasing frequency in the last three years. About a third of its applications have been with international organizations such as the World Bank and UNDP, a third with corporations looking to expand operations into developing countries, and a third with investment-minded foundations such as the Bill and Melinda Gates Foundation.

FEASIBILITY

We were unable to verify time data by publication deadline.

CREDIBILITY & VERIFICATION

- Most data are self-reported by the client investor or company, and may range from systematic tracking of leading indicator data, to post-hoc, non-systematic reporting of results.
- Dalberg incorporates systematic use of proxy impact data from sources like government statistics or longitudinal studies.
- A verification system has not been defined.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

DOTS (Development Tracking System)

International Finance Corporation

BRIEF DESCRIPTION OF APPROACH

International Finance Corporation (IFC) created DOTS to provide a means by which it could track project beginning at the outset of the project and throughout its implementation. Previously the outcomes of development projects financed by IFC were assessed after the fact. DOTS enables IFC to monitor every project closely and immediately address any problems that may arise. The IFC has implemented DOTS across all current and upcoming projects.

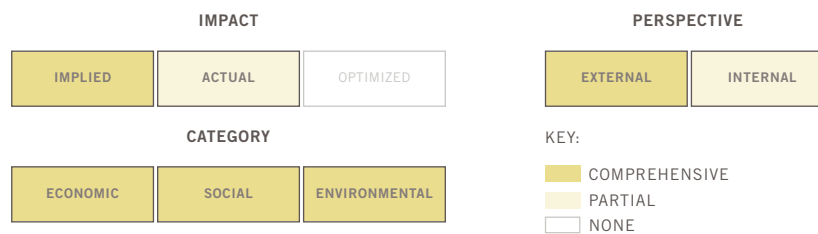


DOTS HAS BEEN APPLIED TO IFC'S PORTFOLIO IN SUB-SAHARAN AFRICA, EAST ASIA AND THE PACIFIC, SOUTH ASIA, EUROPE AND CENTRAL ASIA, LATIN AMERICA AND THE CARIBBEAN, THE MIDDLE EAST AND NORTH AFRICA. A LIST OF COUNTRIES WAS NOT AVAILABLE.

Methodology DOTS includes an annual overall development outcome rating, and industry-specific standard indicators that measure the development reach of investments on stakeholders. At the beginning of the engagement, IFC project teams agree on the specific goals and performance indicators that will apply to each project. These must adhere to four key requirements: indicators must be relevant, aggregatable, time-bound, and easy to track. At least once a year IFC's project team measures and rates the achievement of specific assigned indicators against benchmarks and timelines. A rating is assigned for the project's four performance areas: financial, economic, environmental and social performance, and private sector development impacts (meaning projects improvements in the condition of the private sector, measured, for example, through the number of follow-up investments by other private sector companies). A synthesis of the four components is also used to assign an overall development outcome rating on a 6-point scale from Highly Successful (1) to Highly Unsuccessful (6). IFC has specific evaluation standards that build on those of its Independent Evaluation group for financial and non-financial sector projects and that guide the assignment of the appropriate rating.





Drivers for the Development of the Approach IFC developed DOTS in 2005 to help it evaluate and improve the performance of its active portfolio in both its investment and advisory sectors.

SCOPE OF ANALYSIS



¹ This summary is paraphrased from IFC's website, http://www.ifc.org/ifcext/devresultsinvestments.nsf/Content/Evaluation_Framework as of April 2008, and may not fully reflect all facets of the approach.

DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|---|---|---|
| Investors |   |  + |  |
| Company |   | | |
| Third Party | | | |

| KEY: | DATA ENTRY | ANALYSIS | REPORT |
|------|--|---|---|
| |  Spreadsheet |  Manual |  Written Report |
| |  Web/Database |  Automated |  Spreadsheet |
| |  Research Synthesis | + Customized |  Web |
| | | |  Certification/Label |

APPLICATIONS TO DATE

IFC has striven to use DOTS to track the performance of all of its engagements since the system was launched in 2005. In addition IFC also makes DOTS available to groups who partner with its Advisory Services division. IFC also uses DOTS data to increase its own general transparency and accountability as a development institution and to inform its incentive systems at the personal, departmental and corporate levels.

FEASIBILITY

Information on the time required to implement DOTS was not available.

CREDIBILITY & VERIFICATION

Information on aspects of credibility and the verification scheme used in the DOTS approach were not available.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

Countries Included:

- AFGHANISTAN, ALBANIA, ALGERIA, ANGOLA, ARGENTINA, ARMENIA, AUSTRALIA, AUSTRIA, AZERBAIJAN, BANGLADESH, BELARUS, BELGIUM & LUXEMBOURG, BENIN, BOLIVIA, BOSNIA HERZEGOVINA, BOTSWANA, BRAZIL, BULGARIA, BURKINA FASO, BURUNDI, CAMBODIA, CAMEROON, CANADA, CENTRAL AFRICAN REP, CHAD, CHILE, CHINA, COLOMBIA, CONGO, CONGO DEM REP, COSTA RICA, COTE D'IVOIRE, CROATIA, CUBA, CZECH REPUBLIC, CZECHOSLOVAKIA, DENMARK, DOMINICAN REPUBLIC, ECUADOR, EGYPT, EL SALVADOR, ERITREA, ESTONIA, ETHIOPIA, ETHIOPIA PDR, FINLAND, FRANCE, GABON, GAMBIA, GEORGIA, GERMANY, GHANA, GREECE, GUATEMALA, GUINEA, GUINEA-BISSAU, HAITI, HONDURAS, HUNGARY, INDIA, INDONESIA, IRAN, IRAQ, IRELAND, ISRAEL, ITALY, JAMAICA, JAPAN, JORDAN, KAZAKHSTAN, KENYA, KOREA DPRP, KOREA REPUBLIC, KUWAIT, KYRGYZSTAN, LAOS, LATVIA, LEBANON, LESOTHO, LIBERIA, LIBYA, LITHUANIA, MACEDONIA, MADAGASCAR, MALAWI, MALAYSIA, MALI, MAURITANIA, MAURITIUS, MEXICO, MOLDOVA REPUBLIC, MONGOLIA, MOROCCO, MOZAMBIQUE, MYANMAR, NAMIBIA, NEPAL, NETHERLANDS, NEW ZEALAND, NICARAGUA, NIGER, NIGERIA, NORWAY, PAKISTAN, PANAMA, PAPUA NEW GUINEA, PARAGUAY, PERU, PHILIPPINES, POLAND, PORTUGAL, ROMANIA, RUSSIA, RWANDA, SAUDI ARABIA, SENEGAL, SERBIA AND MONTENEGRO, SIERRA LEONE, SLOVAKIA, SLOVENIA, SOMALIA, SOUTH AFRICA, SPAIN, SRI LANKA, SUDAN, SWAZILAND, SWEDEN, SWITZERLAND, SYRIA, TAJIKISTAN, TANZANIA, THAILAND, TOGO, TRINIDAD AND TOBAGO, TUNISIA, TURKEY, TURKMENISTAN, UGANDA, UKRAINE, UNITED ARAB EMIRATES, UNITED KINGDOM, UNITED STATES OF AMERICA, URUGUAY, USSR, UZBEKISTAN, VENEZUELA, VIETNAM, WORLD, YEMEN, YUGOSLAVIA, ZAMBIA, ZIMBABWE

Ecological Footprint

Global Footprint Network

BRIEF DESCRIPTION OF APPROACH*

The Ecological Footprint as described by the Global Footprint Network is a resource accounting tool that measures how much of the biological capacity of the planet is demanded by a given human activity or population. The Ecological Footprint quantifies a “global hectare” which is the amount of biologically productive land and water area an individual, a city, a country, a region, or all of humanity uses to produce the resources it consumes and to absorb the waste it generates with today’s technology and resource management practices. The Ecological Footprint also helps establish the cause-and-effect relationships of environmental activity, and helps clarify when a reduction in demand in one area leads to an increase in demand elsewhere.



COUNTRIES LISTED IN SIDEBAR

Methodology The Ecological Footprint takes into account six primary areas: cropland, grazing land, fishing grounds, forest, built-up area and land for carbon absorption. The Global Footprint Network maintains National Footprint Accounts, which provide benchmark Ecological Footprint results for 150 nations from 1961 to the present. The data and methods used in these accounts are based on approximately 4,000 data points per country per year, and calculate the Footprints of 152 countries. These Accounts, overseen by Global Footprint Network’s National Accounts Committee, provide the core data that is needed for all Footprint analyses worldwide. The Ecological Footprint asks any user, whether they represent themselves, a product, a business, a country or some other entity, a series of questions to determine how many global hectares are required for the entity’s support. These questions include eating habits, household size, transportation usage and others. A final calculation tells the user their global hectare usage, a relative country average and the number of planets that would be required for everyone to have a lifestyle of similar intensity. Individuals may use an online calculator; businesses may commission customized analysis by a Footprint Network partner. The Global Footprint Network Standards Committee in 2006 released an official standards document of Footprint methodology and communication protocols, including use of source data, derivation of conversion factors, establishment of study boundaries, and accurate communication of findings.

Drivers for the Development of the Approach The tool was created in 1993 by Mathis Wackernagel and William Rees to quantify in terms that facilitate action the gap between the human demand on nature, and nature’s capacity to meet these demands.

SCOPE OF ANALYSIS



*This summary is based on and paraphrases content from the Global Footprint Network’s website, www.footprintnetwork.org, April 2008.”

DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | | | |
| Company | | | |
| Third Party | | | |

| KEY: | DATA ENTRY | ANALYSIS | REPORT |
|------|--------------------|------------|---------------------|
| | Spreadsheet | Manual | Written Report |
| | Web/Database | Automated | Spreadsheet |
| | Research Synthesis | Customized | Web |
| | | | Certification/Label |

APPLICATIONS TO DATE

The Ecological Footprint has been applied to over 150 countries, several companies and numerous cities, companies and nonprofit organizations globally.

FEASIBILITY

Information on the time required to implement Ecological Footprint was not available.

CREDIBILITY & VERIFICATION

- Credibility & Verification
- For company assessments, data sources vary from systematically collected impact data with verification by third parties, to post-hoc, non-systematic reporting of results by company management or staff.
- Ecological Footprint analysts conduct either on-site verification of results where the verifier sees the evidence/records themselves, or offsite verification of processes, practices and source documentation by confirming the consistency of company self-reporting.
- Impact is calculated by the Footprint analyst through systematic use of National Accounts data that are compiled from publicly available sources.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

EPRS (Environmental Performance Reporting System)

Environmental Capital Group

BRIEF DESCRIPTION OF APPROACH

The Environmental Performance Reporting System (EPRS) provides an annual, aggregate summary to limited partners and general partner groups about the actual net environmental benefits of investments in the Environmental Technology Program of the California Public Employees’ Retirement System (CalPERS). The approach is designed to provide a high credibility analysis of impact with minimal effort required from limited partners, direct investors and portfolio companies.



UNITED STATES

Methodology During due diligence screening, ECG works in tandem with fund management company Pacific Corporate Group to evaluate the capabilities of the candidate general partner group to make investments with environmental benefits while also achieving outstanding financial returns, and to measure these benefits. Once the investment in the general partner group (GP) is made, an environmental analytical framework is established for each of the GP’s portfolio companies. GPs complete a summary for each portfolio company articulating at a high level the company’s primary business, when the product is expected to go to market, and what the base case is against which the GP will be comparing the company in terms of relative environmental benefits. The GP and ECG review the summary to confirm that major impacts have been captured including any significant negative impacts. Then ECG’s experts either iterate the analytical model provided by the GP, that relates company results and base case data to arrive at net environmental impact, or ECG generates this analysis. Indicators are finalized and data tracking is begun when the company begins generating sales. At this point ECG provides data tracking templates to the general partner group, and instructions for analysis of common industry issues. GPs provide annual indicator data for portfolio companies for whom indicators have been established, and ECG analyzes the associated net environmental impacts, and prepares an aggregate summary report for the CalPERS Investment Committee.

Drivers for the Development of the Approach CalPERS sought to ascertain from inception whether its environmental investment program achieved its mandate of achieving attractive financial returns while also catalyzing the adoption of environmental and clean technologies. As ECG founder Bryan Martel puts it, “If you don’t measure it, you can’t manage it.”

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | W | | ✍️ |
| Company | | | |
| Third Party | 📄 📄 | 👤 + | ✍️ |

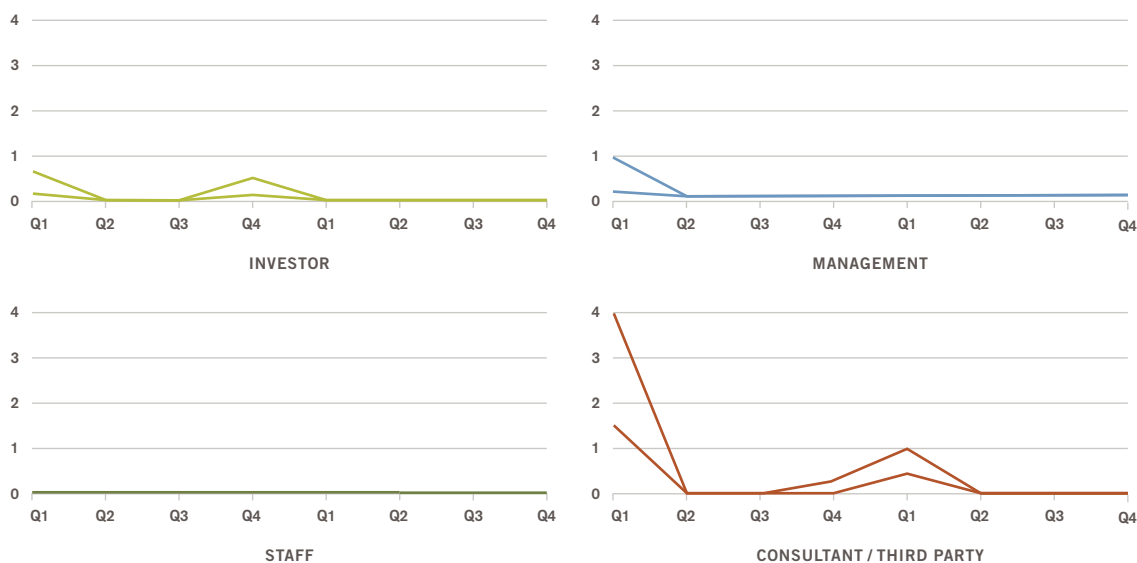
| KEY: | DATA ENTRY | ANALYSIS | REPORT |
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| | 📄 Research Synthesis | + Customized | W Web |
| | | | ☆ Certification/Label |

APPLICATIONS TO DATE

ECG first applied the EPRS in due diligence in 2006, and has implemented performance tracking and impact analysis since 2007. EPRS is currently implemented in CalPERS' \$600M environmental technology program with leading clean technology private equity funds. Approximately individual 50 portfolio companies have been analyzed and a total of 150 are anticipated by 2009.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- Data are self-reported by companies and/or investors based on systematic tracking.
- ECG may conduct expert verification of processes, practices and source documentation by confirming consistency of self-reporting.
- ECG makes systematic use of expert review of data reported, proxy impact data from sources like government statistics and scientific studies, and industry standard company comparables.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

Fair Trade Certification as described by Transfair USA

Countries Included:

FAIR TRADE PRODUCERS ARE REGISTERED IN EACH OF THESE COUNTRIES. NOT ALL OF THESE COUNTRIES (EG. CUBA) ARE NECESSARILY CURRENTLY REPRESENTED ON THE U.S. MARKET.

- ARGENTINA, BELIZE,
- BENIN, BOLIVIA,
- BRAZIL, BURKINA FASO,
- CAMEROON, CHILE,
- CHINA, COLOMBIA,
- COMOROS, CONGO (DEMOCRATIC REPUBLIC),
- COSTA RICA, CÔTE D'IVOIRE,
- CUBA, DOMINICAN REPUBLIC,
- EAST TIMOR, ECUADOR,
- EGYPT, EL SALVADOR,
- ETHIOPIA, GHANA,
- GUATEMALA, HAITI,
- HONDURAS, INDIA,
- INDONESIA, KENYA,
- LAOS, MALAWI,
- MALI, MEXICO,
- MOROCCO, MOZAMBIQUE,
- NAMIBIA, NEPAL,
- NICARAGUA, PAKISTAN,
- PAPUA NEW GUINEA,
- PARAGUAY, PERU,
- PHILIPPINES, RWANDA,
- SENEGAL, SIERRA LEONE,
- SOUTH AFRICA, SRI LANKA,
- ST. VINCENT, TANZANIA,
- THAILAND, TOGO,
- TUNISIA, UGANDA,
- VIETNAM, ZAMBIA,
- ZIMBABWE

BRIEF DESCRIPTION OF APPROACH

Fair Trade (FT) Certification allows agricultural products to bear the label “Fair Trade Certified,” which makes transparent to retail buyers the fact that 100% of the product was produced in a manner that meets minimum standards for environmental impact (such as chemical use, absence of genetically modified crops, implementation of Integrated Crop Management (ICM) systems, and “further progress” standards that encourage planning for ongoing improvements), working conditions, and democratic and transparent governance. The definition of “fair trade” for a given product is established and periodically updated by Fair Trade Labelling Organizations International (FLO), a nonprofit membership organization comprised of separate nonprofit organizations called Labeling Initiatives (LIs), and regional farmers’ networks representing approximately 1.4 million FT farmers and workers. FLO’s standards unit determines the floor price paid to farmers, and social premium prices that are set aside to fund projects of the choosing of the certified farmer groups. As of spring 2008 there were 20 labeling initiative members of FLO (Transfair is the certifier for the US) that work with buyer/manufacturers and help market fair trade. A wholly-owned subsidiary of FLO, known as FLO-CERT, inspects participating farms and registers producers.



COUNTRIES LISTED IN SIDEBAR

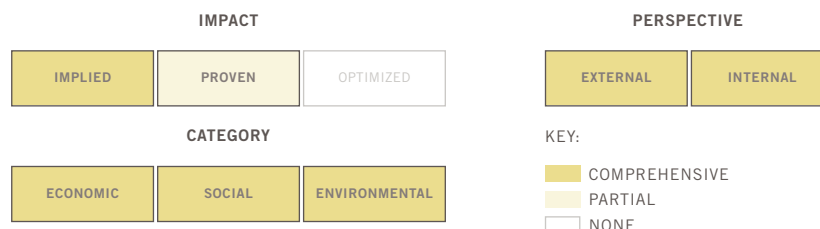
Methodology

A cooperative or producer organization that wants to sell Fair Trade products submits an application to FLO, and a FLO-CERT inspector visits to verify that the organization is following rules and procedures. Thereafter FLO-CERT does an annual or biannual audit consisting of desk-based review and on-site inspection of all participant groups. Labeling Initiatives in countries where FT products are bought by consumers help manufacturers source FT supplies, manage the tracking of FT units through manufacturing and distribution, and audit transactions to verify Fair Trade payments to producer groups. FLO-CERT verifies that social premiums (the marginal premium on the price charged buyers) aggregate at the farm level where certified farmer groups decide how to invest them, whether on social investments (such as scholarships or community programs), infrastructural investments, or other needs. Where producers have certified organic products, an additional premium is paid.

Drivers for the Development of the Approach

A descendant of the solidarity trade movement that began in faith communities after WWII, Fair Trade Certification began in the Netherlands in the late 1980s, when coffee prices were at their lowest in history. Certification was premised on the belief that if people had the information, they would factor fairness to producers into their purchase decisions. FT's transparency about the supply chain helps consumers differentiate between products produced out of sight, and provides a risk reduction mechanism for companies' brands.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | | | ☆ |
| Company | 📄 | | ☆ |
| Third Party | 📄 📄 | 👤 + | ☆ |

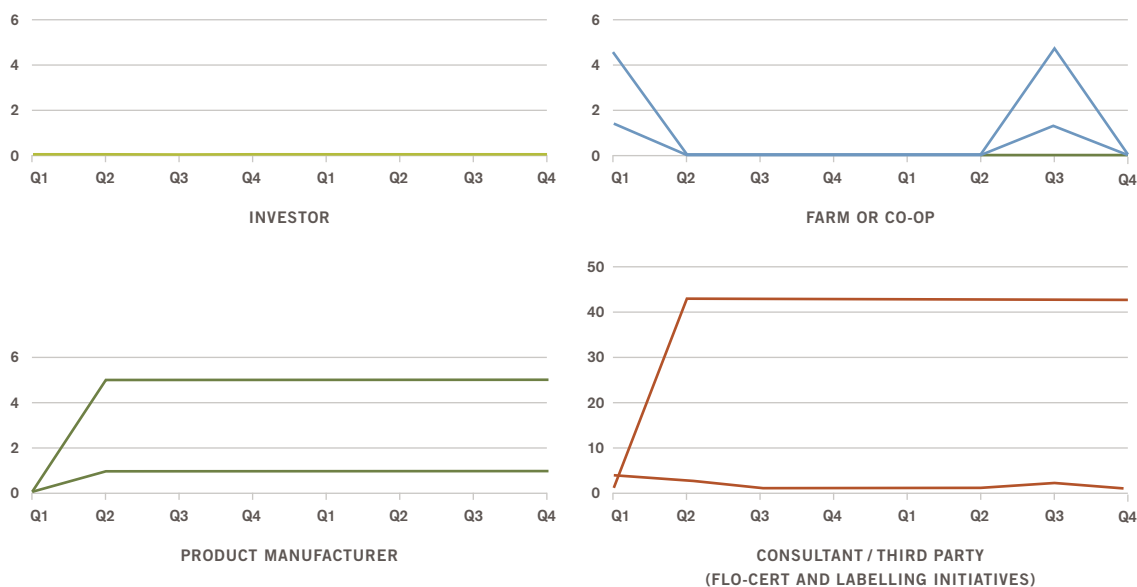
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| | 📄📄 Research Synthesis | + Customized | 📄 ^w Web |
| | | | ☆ Certification/Label |

APPLICATIONS TO DATE

Standards are in place for more than 25 products in total. Available on the U.S. market are coffee, tea, cocoa, bananas, mangoes, pineapples, cut flowers, sugar, honey, rice, vanilla, rooibos, mint, hibiscus, and chamomile; additional products on European markets include dried fruits, nuts, fruit juices, cotton, avocados, and a greater range of spices.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



Note: Estimates for "Farm or Co-op" describe the process through which a coffee cooperative gains admission into the global Fair Trade labeling system. This involves a set-up process and annual update. Estimates for "Product Manufacturer" describe certification of products manufactured using FT-certified farm products on the U.S. market; this is an ongoing process.

CREDIBILITY & VERIFICATION

- FLO-CERT does site visits of all organizations at certification.
- Until 2008, FLO-CERT conducted annual inspections of all participant organizations; beginning in mid-2008, cooperatives can elect to be inspected either annually or biannually. In addition, random unannounced site visits of a percentage of certified farms or coops are conducted annually.
- FLO-CERT is currently getting its ISO 65 certification.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

HIP™ Scorecard and Framework

HIP Investor Inc.

BRIEF DESCRIPTION OF APPROACH

The HIP™ (Human Impact + Profit) Scorecard and Framework quantifies human, social and environmental impacts, how those impacts drive financial results, and what management systems are required to sustain success over time. The HIP approach is founded on the premise that boosting net-positive human impact drives higher profits for business, and increased economic sustainability for organizations. The HIP methodology is inspired by McKinsey’s 7-S framework, the Balanced Scorecard and the SROI Framework. HIP and its joint-venture partner SVT Group teamed up to apply both the original cross-sector approach and a more in-depth analysis and ranking of the global energy industry leaders. For investors, the HIP Scorecard and Framework can be applied to investment strategy, asset allocation, due diligence, portfolio review and reporting to social investors (including philanthropic donors and, for governmental entities, taxpayers). HIP Investor plans to implement the Framework as a management system in 2008.



COSTA RICA, FRANCE, ITALY, INDIA, THE NETHERLANDS, THAILAND, UNITED KINGDOM, UNITED STATES

HIP and its joint-venture partner SVT Group teamed up to apply both the original cross-sector approach and a more in-depth analysis and ranking of the global energy industry leaders. For investors, the HIP Scorecard and Framework can be applied to investment strategy, asset allocation, due diligence, portfolio review and reporting to social investors (including philanthropic donors and, for governmental entities, taxpayers). HIP Investor plans to implement the Framework as a management system in 2008.

Methodology The HIP Scorecard and Framework focuses on results-oriented measures in five categories: Health (physical and mental), Wealth (net assets and income), Earth (carbon and environmental), Equality (gender and ethnic balance) and Trust (lawfulness and transparency). Each of the five is quantifiable and encompasses customers, employees and suppliers. HIP is designed to show whether and to what extent improvements in human impact drive higher revenue, lower costs or tax benefits. The HIP Framework also assesses five management practices that drive sustainable, profitable growth: vision, measurement, decision-making, accountability, and financial alignment. Companies are analyzed using a combination of company interviews and secondary research. The result is a rating of the company in three dimensions: Human Impact (relative to goals like carbon neutrality), Profit (and how it is linked to Impact), and Management Practices (which systematically drive ongoing sustainability). HIP Scorecards are used for competitive comparisons, and to gauge the attractiveness and weightings of investments in a portfolio.

Drivers for the Development of the Approach HIP Investor Inc.’s CEO and Founder, R. Paul Herman, saw an increasing number of individual and institutional investors seeking to match their for-profit portfolios with their values and missions, but also that without quantifiable impact data, they found it difficult to assess where to invest and how much. The HIP approach was designed to address this need and to help solve human problems profitably and in an environmentally sustainable manner.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
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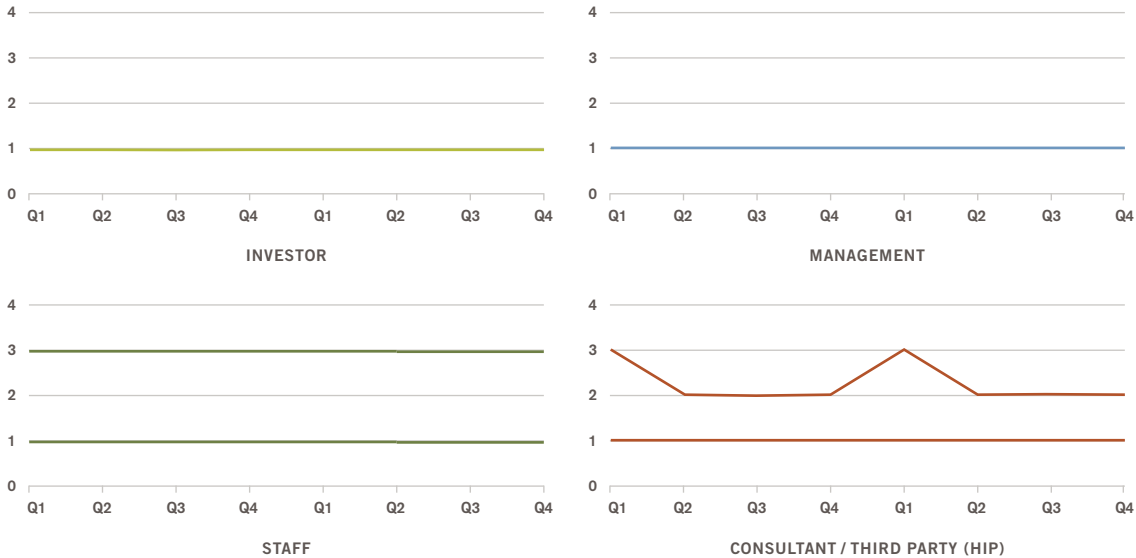
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| DATA ENTRY | ANALYSIS | REPORT |
| Spreadsheet | Manual | Written Report |
| Web/Database | Automated | Spreadsheet |
| Research Synthesis | Customized | Web |
| | | Certification/Label |

APPLICATIONS TO DATE

Herman conceived the approach in 2004, and his firm HIP Investor developed it with SVT Group in 2006. The approach has been to approximately 60 companies in energy, banking and microfinance, consumer products and food, high technology, real estate, manufacturing, clean technology, and to several nonprofits.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- HIP and its partners obtain data from review of published documents and third-party datasets from business, social and government sources, and from interviews with companies.
- Some data self-reported by companies are verified by onsite 3rd parties, when companies have previously engaged auditors to do so.
- Verification of company-reported practices and documentation is validated off-site by triangulation with other sources, where available.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

LEED Certification

US Green Building Council

BRIEF DESCRIPTION OF APPROACH*

LEED (Leadership in Energy and Environmental Design) Certification was developed by the US Green Business Council to facilitate the global adoption of sustainable green building and development practices through universally understood and accepted tools and performance criteria. LEED establishes a benchmark for the design, construction and operation of green buildings, and gives building owners and operators tools to have an immediate and measurable impact on their buildings'



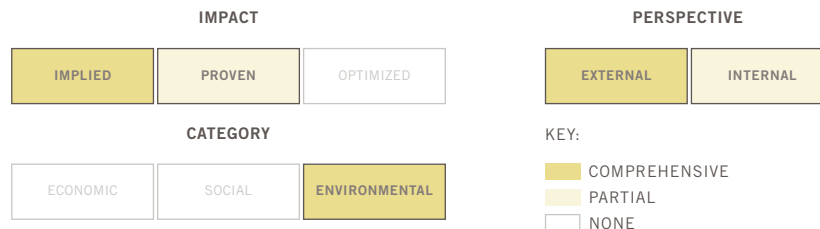
BULGARIA, CANADA, CHINA, ITALY, INDIA, MEXICO, PUERTO RICO, SINGAPORE, SPAIN, SRI LANKA, UNITED STATES, UNITED KINGDOM

performance. It recognizes performance in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality.

Methodology The LEED requirements for certification are contained in an extensive checklist used during each stage of construction. The checklist specifies process and materials guidelines in areas such as site selection, water use, energy efficiency, materials and indoor air quality, waste management and others. The project developer, architect, general contractor or a specialized third party consultant may manage collection of data on each item; architects and contractors must be involved in taking certain measurements, all of which must be recorded in US units of measure. Points are assigned to a project as it meets individual items on the checklist. A final point tally determines whether certification is awarded and the level of certification (Platinum, Gold, Silver, or Certified). Total project time depends on the size and scope of the construction or reconstruction. LEED has several variations for different project types including new construction, existing buildings, schools, retail operations and healthcare facilities; about 12 in total. These are developed by consensus within LEED committees that include practitioners, experts, technical advisors and other stakeholders.

Drivers for the Development of the Approach Formulation of the LEED standard began in 1993 as the idea of green building grew in popularity. As there was no single objective way to define and certifying a green building, LEED was formulated by a multi-disciplinary team and the first pilot project was launched in 1999. It has since grown to take on new sub-fields including neighborhoods, laboratories and even individuals who can steward the LEED process for others.

SCOPE OF ANALYSIS



*This summary is includes and paraphrases content from the US Green Building Council's website, www.USGBC.org, April 2008. Countries mapped are from the USGBC's LEED Certified Projects list.

DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|---|---|---|
| Investors | | | ☆ |
| Company |   |  + |  ☆ |
| Third Party |   |  + | ☆ |

| KEY: | DATA ENTRY | ANALYSIS | REPORT |
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| |  Web/Database |  Automated |  Spreadsheet |
| |  Research Synthesis | + Customized |  Web |
| | | | ☆ Certification/Label |

APPLICATIONS TO DATE

Since 1999 LEED has certified at least 14,000 construction projects, though an exact number was not available. In addition over 43,000 professionals have been accredited. There are LEED projects underway in over 69 countries, and certified projects in at least 17.

FEASIBILITY

The time required to implement LEED Certification is project-specific with a large range. Parties involved include developers, general contractors and architects. LEED Certification happens once and needs no ongoing maintenance.

CREDIBILITY & VERIFICATION

- Checklist data are self-reported by project owners with the involvement of architects, general contractors and 3rd party consultants.
- USGBC conducts offsite 3rd party verification of processes, practices and source documentation by confirming consistency of self-reporting.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

Movement Above the US \$1 A Day Threshold

Microcredit Summit Campaign

BRIEF DESCRIPTION OF APPROACH

The Movement Above US \$1 a Day Threshold project is a 9-year strategic plan to implement the Microcredit Summit Campaign’s current goals of reaching 175 million of the world’s poorest people through microcredit, and ensuring that 100 million families rise above the US\$1/day threshold between 1990 and 2015. These goals were set by the collective agreement of the members of the Microcredit Summit Campaign (MSC, a nonprofit membership association), who also agree to take action to achieve the goals.

In 2000, 189 world leaders decided on the Millennium Development Goals (MDG): Goal 1 is to halve the extreme poverty of the 1Bn people who live on less than US\$1 a day. The US\$1 a Day project is designed to align with MDG 1. The building block of the project is the partnership agreement between the MSC and 15 of the largest microfinance institutions (MFIs) and networks in the world (representing approximately 60% of the world’s entire microcredit clients) to measure microfinance clients’ exit from below US\$1/day threshold to above. As the project is in its first year, more MFIs and networks are expected to take part over time.



BANGLADESH, INDIA, PAKISTAN.

Methodology This project is implemented through an annual data gathering and dissemination effort coordinated by the MSC to determine whether and where clients of microfinance institutions are leaving poverty from below US\$1/day to above that threshold. There are three prongs to the methodology: 1) analyzing existing data about microcredit client’s movement across US\$1/day; 2) administering new surveys to establish baseline data for entering clients so their progress can be tracked over time; and 3) commissioning expert panels of top poverty researchers in various countries with high concentration of microfinance activities to ensure that accurate estimates of clients’ (net) exit from below US\$1/day poverty is captured. The second item is a “poverty scorecard” of 10 questions MFI loan officers administer during loan application and maintenance interviews with clients, to measure the poverty level of their clients at entry and periodically over time and thus to establish whether clients cross the threshold.

Drivers for the Development of the Approach The Microcredit Summit Campaign was started in 1997 by Sam Daley-Harris, Muhammad Yunus and John Hatch of FINCA, to create a movement to advance microcredit as a means to end poverty. They saw that unless one could tangibly prove that poverty alleviation at scale was happening, one could not say the movement was powerful, so the number of clients served by members was tracked from the beginning. At its 2006 global summit MSC members said their biggest barrier to success in reaching shared goals was availability of hard data about microcredit’s impact, so the MSC added to its goals and data collection the number of microfinance clients moving above the US\$1/day threshold.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | | | |
| Company | | | |
| Third Party | | | |

KEY: DATA ENTRY ANALYSIS REPORT

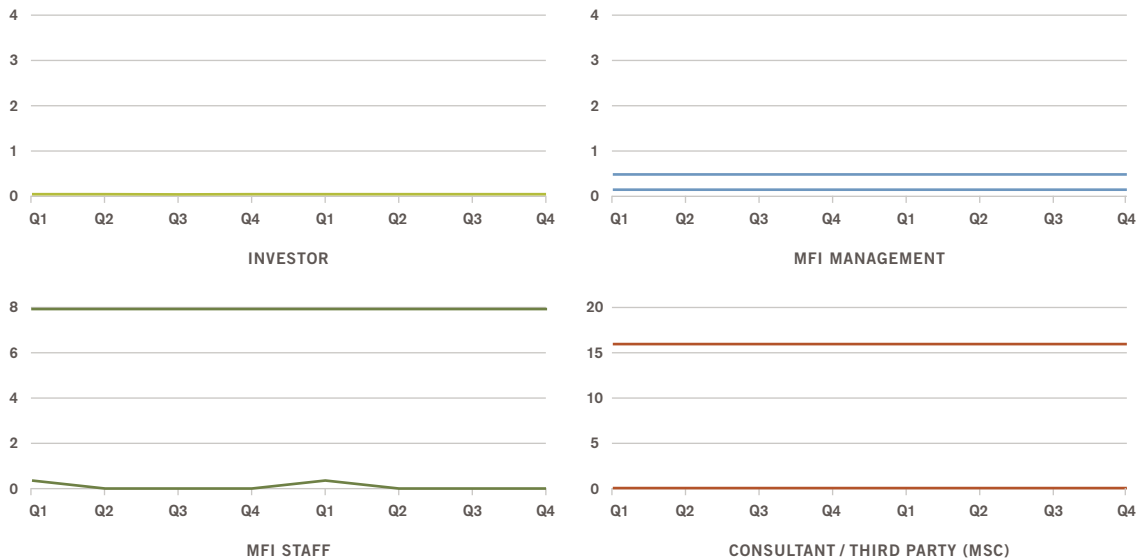
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| | Spreadsheet | | Manual | | Written Report |
| | Web/Database | | Automated | | Spreadsheet |
| | Research Synthesis | | Customized | | Web |
| | | | | | Certification/Label |

APPLICATIONS TO DATE

In 2007 MSC visited five countries and found sufficient existing data to make calculations for Bangladesh, India and Pakistan, but not for Vietnam and Sri Lanka. MSC plans to expand the project into Africa and Latin America in coming years.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- Data are reported by MFIs and vary in credibility depending on their information management systems. Data collection may be: systematic, involving on-site observation by loan officers of clients' living conditions to validate client self-report, and integrate actual impact measurement of subsets of the population; or after-the-fact estimates by loan officers.
- MSC performs offsite 3rd party verification of source documentation by confirming consistency of self-reported data.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

PDMS (Portfolio Data Management System)

Acumen Fund with Google engineers

BRIEF DESCRIPTION OF APPROACH

The Portfolio Data Management System (PDMS) is a proprietary, online tool developed by Acumen Fund with Google engineers that allows investors to track a consistent set of quantitative financial, operational and social metrics for each company in a given portfolio; a qualitative Capabilities Assessment score of the organization; and summary descriptive context notes. The PDMS is for investor use only, although in the future an interface for portfolio organizations may be added. It currently offers a handful of automated reports, but full custom reporting functionality is not yet functional as of spring 2008.

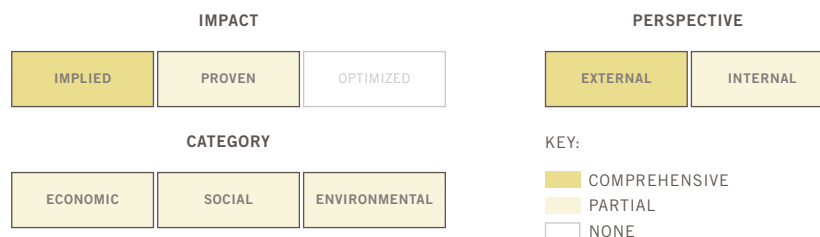


INDIA, KENYA, PAKISTAN, SOUTH AFRICA, TANZANIA, UNITED STATES

Methodology The PDMS allows the investor to track a consistent set of core quantitative financial, operational and social metrics for each portfolio company, to create and track customized metrics for individual companies, and to qualitatively rate company management using a standardized Capabilities Assessment of six areas: alignment with the investor’s mission, financial sustainability, potential for scale, potential for social impact, management capability, and business model effectiveness. Potential for impact is based in part on a comparison of the portfolio company’s potential outcomes per dollar invested with what Acumen calls “BACO,” the “best available charitable option” or closest alternative. Once an investment is approved, Acumen creates a profile of the new portfolio company in the PDMS, and sets targets based on the business plan. Data against these targets are then reported by the portfolio organization to Acumen on a quarterly basis and entered by Acumen staff into the PDMS.

Drivers for the Development of the Approach In 2005 Acumen needed a way to track portfolio company metrics that allowed fund managers to enter data from any location. No web-based tools yet existed that had the flexibility to define custom metrics across investments and color the data with qualitative assessments and context.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | W | 🖥️ | W |
| Company | W | 🖥️ | |
| Third Party | | | W |

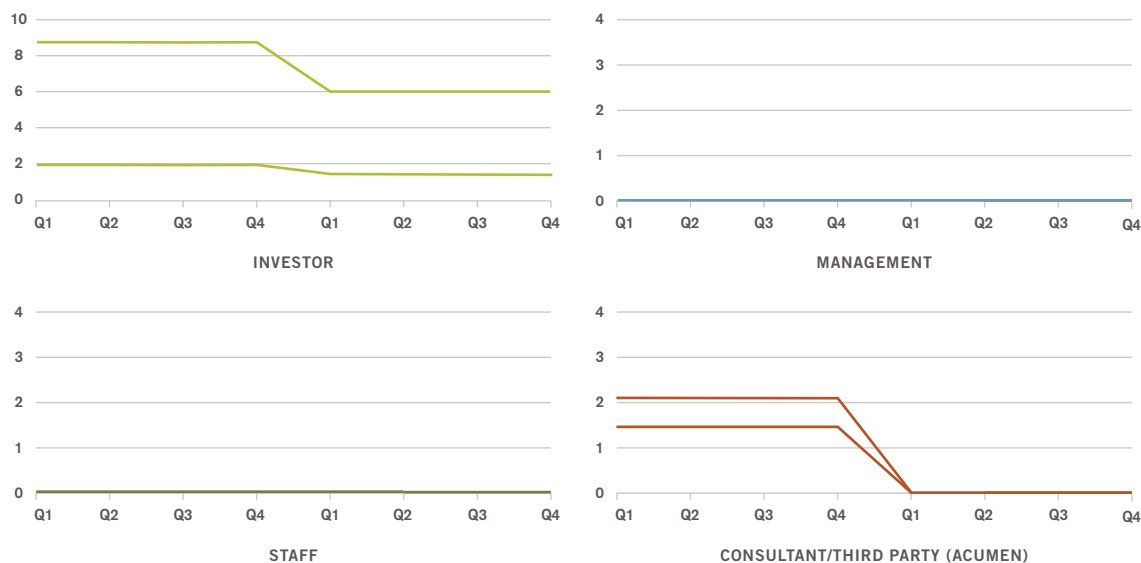
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| | 📁 Research Synthesis | + Customized | W Web |
| | | | ☆ Certification/Label |

APPLICATIONS TO DATE

Acumen first implemented the PDMS in 2006 for its own portfolio of twenty companies, and launched a beta test in fall 2007 with roughly 40 corporate and private foundations and impact investment intermediaries. Acumen aims to offer the PDMS as a tool for the sector, and possibly to share metrics and aggregated results among institutional users in a confidential way. Specifics are to be determined.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

Credibility of data varies on a company by company basis:

- In some cases there is on-site verification by Acumen of results where verifiers see the evidence/records themselves. Organizations may or may not be tracking actual impact using longitudinal studies on subsets of their work.
- In other cases reporting of results is post-hoc and non-systematic, done by investee management or staff.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

PPI (Progress Out of Poverty Index)

Dr. Mark Schreiner for the Grameen Foundation

BRIEF DESCRIPTION OF APPROACH

In 2005 the first Progress out of Poverty Indices (PPIs) were developed by Dr. Mark Schreiner for Grameen Foundation (see www.progressoutofpoverty.org). The goal was to provide a way to gauge how many of microfinance clients were among the world's poorest, and whether they were moving out of poverty over time. The method used to develop the PPI is the same used by the major credit card companies to determine credit risk, adapted to estimate poverty likelihood. The scorecard



BANGLADESH, BOLIVIA, GUATEMALA, GHANA, HAITI, INDIA, KENYA, MALAWI, MEXICO, MOROCCO, NEPAL, NIGERIA, PAKISTAN, PERU, SOUTH AFRICA, THE PHILIPPINES, VIETNAM

approach underpinning the PPI has been in the development literature for 30 years; the PPI simplifies it and applies it specifically to microfinance, although in theory it could be applied in any industry.

Methodology The foundation of the PPI is a national income and expenditure household survey for a country. Typically this involves between 7,000-50,000 households, and is most often done by the government's statistical body every several years. These surveys ask questions of householders that ensure the statistical body knows how much a household earns and how much it spends, as well as up to 200 additional, non-financial, questions such as: What are the walls of your house made of? Do you own a refrigerator? How many in your household are between ages 0-17? Regression analysis using the survey data determines which of those non-financial questions best predict poverty at the national or international poverty line for a given country. The PPI ultimately consists of ten questions that are: a) predictive of poverty; b) not co-related (overlapping); c) easy to ask and not offensive; d) easy to verify; and e) discreet. The questions vary depending on the national household survey and the different manifestation of poverty for each country. Microfinance loan officers then integrate these questions into their standard loan application and maintenance interviews. Data are collected over time, aggregated and analyzed to show movement of groups of clients relative to poverty. The PPI does not prove whether it is the MFI that has caused the movement out of poverty; rather the PPI proves the presence and pace of this movement. Grameen estimates that the underlying questions will need to be updated every 5-10 years to keep the probabilities accurate as economic conditions and availability of data change.

Drivers for the Development of the Approach Grameen Foundation wanted to bring the same measure of accountability to organizations' social outcomes as to their financial outcomes. There was no tool to measure client movement out of poverty, so the PPI was developed in consultation with the industry.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | | | ✍️ |
| Company | 📄 | 👤 🖥️ | ✍️ |
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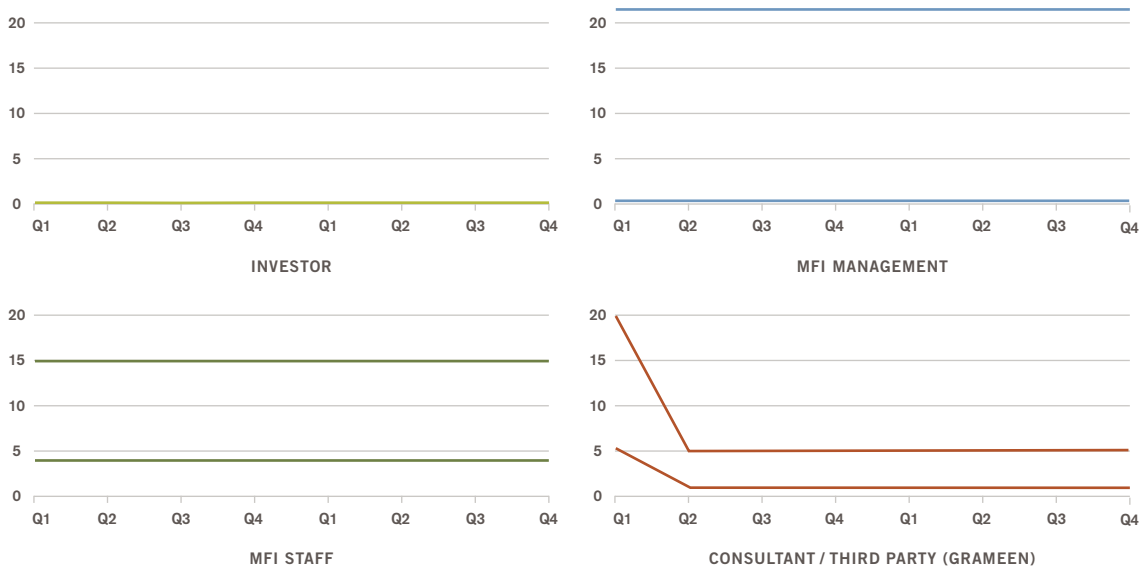
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| 📄📄 Research Synthesis | + Customized | 📄 ^w Web |
| | | ☆ Certification/Label |

APPLICATIONS TO DATE

To date nine PPIs have been developed. Grameen Foundation, Consultative Group to Assist the Poor (CGAP) and the Ford Foundation currently are developing additional PPIs, and expect that a total of 36 PPIs will be in use by June 2009.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



Note: Values are on a per-microfinance institution basis. Upper limit is based on MFIs with approximately 70,000 clients that test the entire client base 3 times per year; the lower limit is based on MFIs with approximately 15,000 clients who test 10% of the population once a year.

CREDIBILITY & VERIFICATION

- Data are gathered and reported by microfinance institutions, and vary in credibility depending on the MFI's information systems. Data collection may be: systematic, involving on-site observation of by loan officers of each client's living conditions to validate client self-report; or based on a subset of clients' self-report without on-site verification.
- Verification is not currently done but third party verification of some data is anticipated in the near future.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

PROI (Political Return on Investment™) Framework

New Progressive Coalition LLC

BRIEF DESCRIPTION OF APPROACH

New Progressive Coalition (NPC) created the PROI Framework™ to help its individual donor customers better understand the results created by organizations receiving their contributions. The approach was developed through an intensive process of dialog between donors and recipient organizations to make transparent what information each needs. NPC developed the PROI methodology in partnership with SVT Group, and the approach is informed by the intellectual capital of NPC’s three Working Groups, REDF’s SROI work, McKinsey’s Capacity Building tool and other funder evaluation tools.



UNITED STATES

Methodology The PROI Framework was designed by three national Working Groups that agreed on a definition for PROI and defined core metrics and sector-specific metrics in six sectors: Advocacy, Electoral, Idea Generation, Infrastructure, Leadership and Media. Organizations complete a questionnaire that addresses their human and financial resources; quantitative and qualitative outputs and change over time for items such as market penetration, repeat customers, and client (volunteer) satisfaction; and how these changes are gauged by the organization. NPC then uses its analytical model to calculate a PROI Core Score and a Sector Scale for each organization. The scores reflect the relative performance among their peer organizations. The Core Score assigns a letter rating from AAA to C derived from the point score calculated from the organization’s data in terms of three metrics: Leadership, Growth, and Reputation. Each of these metrics has a set of corresponding indicators. These metrics are weighted differently; for example, the Leadership metric accounts for 50% of the Core score. The Sector Scale letter rating is based on performance on metrics specific to the six NPC sectors. Both ratings are calculated by comparing the performance of the organization to the average performance of other organizations that have collected PROI data. Organizations’ profiles on the NPC website show their scores and a narrative description of their work. Donors can either scroll through these profiles to determine which organizations to contribute to, or can contribute to NPC’s “PROI Mutual Funds,” diversified pools of nonprofits NPC has found to be most effective at working toward common goals.

Drivers for the Development of the Approach NPC’s founders recognized a need for political change to be transparent as a way of making its funding more objective, results-driven, and therefore effective at solving human problems.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | W | 🖥️ | W |
| Company | W | 🖥️ | W |
| Third Party | W 📄 | 👤 🖥️ | W |

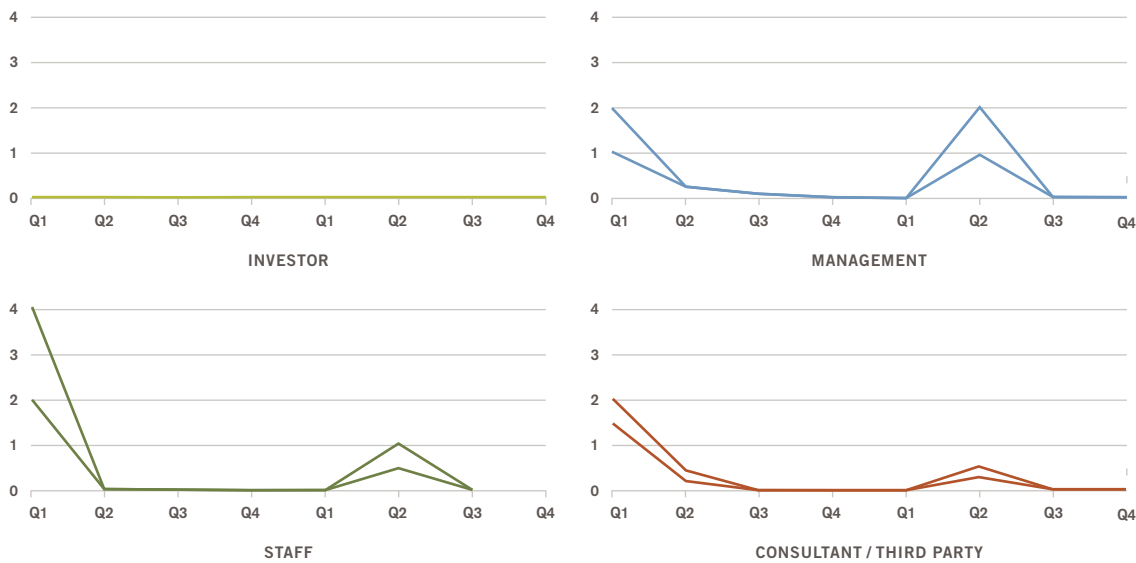
| KEY: | DATA ENTRY | ANALYSIS | REPORT |
|------|----------------------|--------------|-----------------------|
| | 📄 Spreadsheet | 👤 Manual | 📄 Written Report |
| | W Web/Database | 🖥️ Automated | 📄 Spreadsheet |
| | 📄 Research Synthesis | + Customized | W Web |
| | | | ☆ Certification/Label |

APPLICATIONS TO DATE

NPC created the tool in 2006 and launched it in 2007. To date approximately 80 nonprofit political advocacy, leadership, media, electoral development and organizations have been analyzed.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- Data are self-reported by portfolio organizations based on systematic tracking of performance, output data and some outcome data. Organizations use third party data sources including government and media statistics and partner data.
- NPC contracts with SVT to conduct offsite 3rd party verification of processes, practices and source documentation by confirming consistency of self-reporting.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

RISE (Real Indicators of Success in Employment)

REDF

BRIEF DESCRIPTION OF APPROACH

RISE (Real Indicators of Success of Employment) provides ongoing information about the actual social impacts of the nonprofits enterprises in REDF’s portfolio. With a proprietary web-based application at its core, RISE combines periodic interviews of employees with ongoing analysis to allow managers to make better decisions in real time, and REDF and others to see each enterprise’s results. (During RISE’s original implementation, some REDF portfolio organizations opted to develop OASIS (Ongoing Assessment of Social ImpactS) systems, which encompass real-time activity tracking (e.g. who is coming into the agency, what services they are using), in a central online database system. Where RISE assesses the impact of the organization on enterprise employees alone, OASIS allows agencies to monitor the progress of their entire client population. After 2008 REDF does not plan to continue funding OASIS since it exceeds REDF’s needs.) REDF is using a streamlined RISE survey and focus group-based approach for due diligence and ongoing tracking in its second portfolio. RISE version 1 was custom built; REDF is looking at off-the-shelf technology for v.2.

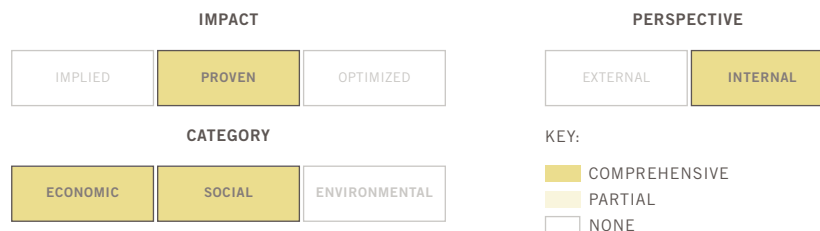


UNITED STATES

Methodology REDF requires portfolio organizations to capture information via in-person interviews with social enterprises’ hires every 6 months for 2 years after the date of first hire. Approximately 40 core interview questions focus on areas such as individuals’ employment, income and housing status to establish baselines and track subsequent outcomes. Organizations enter the data into an online extranet hosted by REDF. Consultants periodically download the data, clean it to ensure values are entered correctly, analyze it, and develop Social Impact Reports for REDF and the agencies. Originally REDF enabled agencies to access and analyze their own online data anytime, however this required staff to make decisions about how they wanted to slice the data, and the site was used infrequently. Social Impact Reports have become the staple organizations use for digesting and reporting their data.

Drivers for the Development of the Approach Originally REDF’s motive was internal: to understand whether organizations were accomplishing what they set out to accomplish by hiring people into social enterprises, and whether the results warranted the investment required. Today outcomes tracking at REDF is assumed, and the more refined drivers are to: 1) help organizations get the maximum value out of the data for the resources invested, 2) enable organizations to maintain RISE without REDF’s involvement, and 3) address what other funders need to know to become supporters.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | | | |
| Company | | | |
| Third Party | | | |

| KEY: | DATA ENTRY | ANALYSIS | REPORT |
|------|--------------------|------------|---------------------|
| | Spreadsheet | Manual | Written Report |
| | Web/Database | Automated | Spreadsheet |
| | Research Synthesis | Customized | Web |
| | | | Certification/Label |

APPLICATIONS TO DATE

REDF began developing its approach in 1997 and first implemented RISE in 1999 with 10 original portfolio organizations (4 of which also implemented the full OASIS system). By 2009 REDF will implement the new version of RISE with 6 new nonprofits running one or more enterprises focused on employment and training for people dealing with homelessness, substance abuse, mental health issues, incarceration, and general poverty.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- A third party conducts in-person interviews. The majority of cost is in locating interviewees after they leave the enterprise. REDF reviewing what response rate is necessary to ensure validity and generalizability; to date it has been >70%.
- All RISE data are cleaned and analyzed by third party experts.
- (Organizations using OASIS gather core case management data themselves. This is done by a staffperson other than the employee's supervisor for regulatory reasons of privacy.)

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

SIA (Social Impact Assessment)

Global Social Venture Competition

Countries Included:

- AUSTRALIA, BANGLADESH,
- COSTA RICA, CAMBODIA,
- CANADA, CHINA,
- DEMOCRATIC
- REPUBLIC OF CONGO,
- DUBAI, FINLAND,
- FRANCE, GERMANY,
- GHANA, HONG KONG,
- INDIA, INDONESIA,
- ISRAEL, JAPAN,
- KENYA, KOREA,
- MALTA, NEW ZEALAND,
- PAKISTAN, PERU,
- PHILIPPINES, PORTUGAL,
- RUSSIA, SINGAPORE,
- SOUTH AFRICA, SPAIN,
- SWITZERLAND, TAIWAN,
- TANZANIA, THAILAND,
- THE NETHERLANDS,
- UNITED KINGDOM,
- UNITED STATES, ZIMBABWE

BRIEF DESCRIPTION OF APPROACH

SIA (Social Impact Assessment) is a projected impact assessment analogous to financial projections. The Global Social Venture Competition (GSVC) uses the SIA as a requirement for the entrants to its competition for startup businesses and income-generating non-profit organizations. It is informed by REDF's SROI and the work of Clark et al. in the *Double Bottom Line Catalog*. In practice it follows the SROI Framework for defining, measuring and documenting impact, but does not include deliberate definition of stakeholders, and recommends limiting the scope of the analysis to the three top priority outcomes the venture will track on an ongoing basis. A priority is placed on clarity of communication of the analysis although SIA leaves it up to individuals to determine the form this takes.

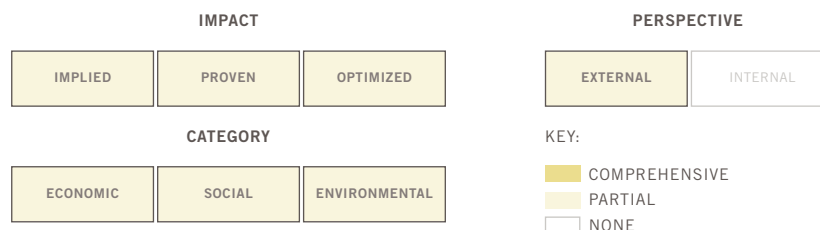


COUNTRIES LISTED IN SIDEBAR







Methodology SIA articulates three major steps: definition of the venture's social value proposition using a "theory of change," meaning a compelling social value proposition that is core to the venture's desired social outcomes; quantification of social value by listing the top three social indicators most strongly correlated with desired social outcomes and that can be tracked as part of normal business operations; and monetization of the social impact value the venture aims to create over the next 10 years. The SIA Guidelines lay out a self-directed process for entrepreneurs which includes developing an impact value chain which specifies: financial, human and other inputs required for operations; activities; measurable outputs produced; and outcomes or changes in terms of the social, environmental or economic issues to the venture seeks to address. Using this breakdown, entrepreneurs prioritize top outcomes and determine related leading indicators that track the activities and/or outputs believed to be correlated with desired outcomes. The selection of metrics is informed by secondary research into outcomes that have been correlated with activities or products similar to those of the venture. This research is used to extrapolate the venture's own potential. Where it is reasonable to do so, SIA directs entrepreneurs to assign a monetary value to outcomes as a final step prior to preparing a discounted "social cash flow analysis" of these values. Since no standard discount rate for such a calculation exists, SIA advises entrepreneurs to determine a discount rate using their own logic.

Drivers for the Development of the Approach Since its founding in 1999, the vision of the GSVC has been of "a world in which every business values, generates and accounts for social impact." To this end quantifying potential impact has been a requirement for all competitors.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|---|---|---|
| Investors | | | |
| Company |  |  + |   |
| Third Party | | |   |

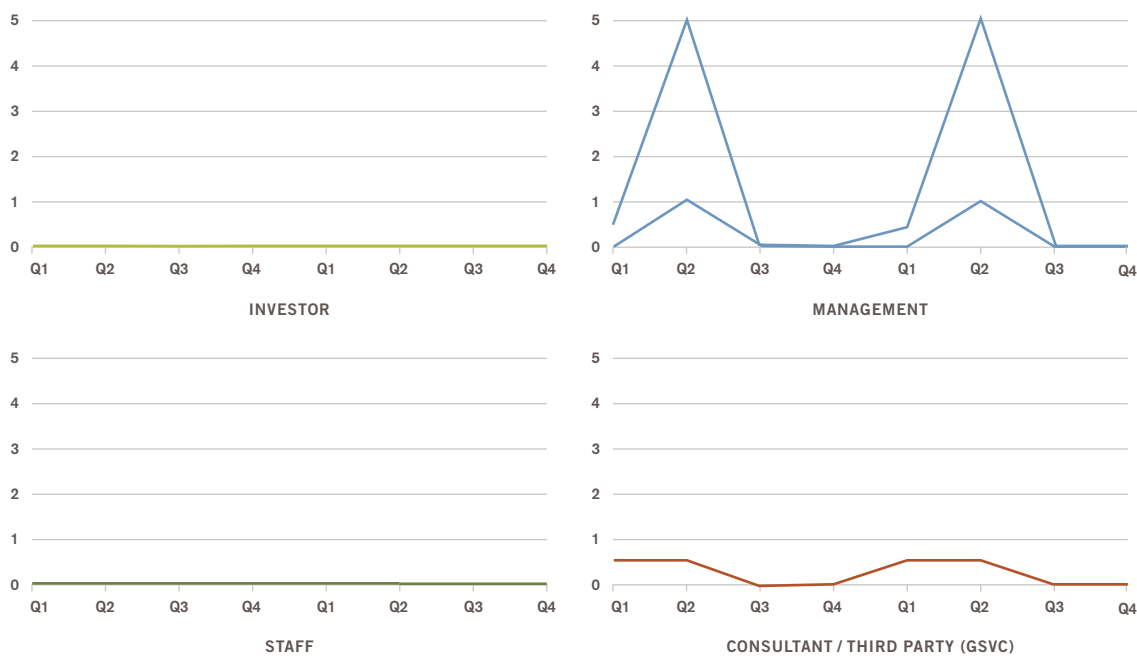
| KEY: | DATA ENTRY | ANALYSIS | REPORT |
|------|--|--|---|
| |  Spreadsheet |  Manual |  Written Report |
| |  Web/Database |  Automated |  Spreadsheet |
| |  Research Synthesis |  Customized |  Web |
| | | |  Certification/Label |

APPLICATIONS TO DATE

GSVC began requiring quantification of projected impact during its first round in 1999-2000, and formalized SIA guidelines in 2003. To date 764 full business plans have been submitted from 37 countries containing SIAs, and these have been evaluated by approximately 1,000 individual judges, including many professional investors.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- Data are projections based on entrepreneur self-report.
- Entrepreneurs systematically integrate proxy impact data from sources like government statistics or longitudinal studies.
- Verification of results is irrelevant, since data are future projections.
- There is no verification of secondary research sources upon which extrapolated outcomes are based

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

Social Rating

M-CRIL (Micro-Credit Ratings International Limited)

BRIEF DESCRIPTION OF APPROACH

Social Rating is a tool pioneered by the microfinance credit rating agency, M-CRIL, to assist investors and donors in making effective use of microfinance resources to achieve social and ethical as well as financial goals. Social Rating integrates techniques of systems assessment, market research, PPI and the Social Performance Management approach developed for MFIs by the *Imp-Act* Consortium. Social Rating complements a credit rating and can be undertaken alongside credit rating, or as a stand-alone assessment.

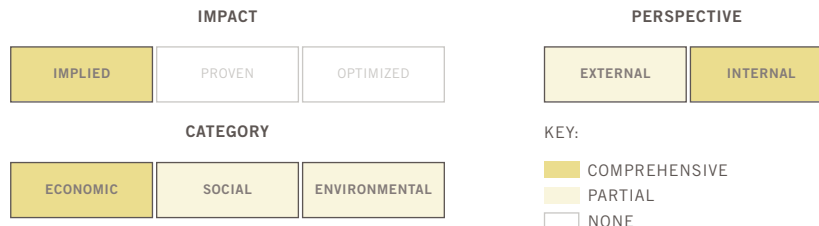


BANGLADESH, CAMBODIA, INDIA, KENYA, THE PHILIPPINES, SOUTH AFRICA, VIETNAM

Methodology To begin, MFIs provide the rating agency with annual reports and other operating and portfolio information. M-CRIL staff review these, and then a team visits the MFI to present to its board members and senior management the Social Rating approach, to ensure they understand what is involved in what is (usually) a new area of assessment for them. Then, following a similar procedure to credit rating, interviews take place with a subset of board members, managers and staff on systems related to mission, targeting, product development, market segmentation, client retention, HR, MIS and internal audit. Next the team visits 2-3 branches for interviews with loan officers and a random sample of clients sized to attain results at a 95% confidence level. This field research is often done by MFI staff M-CRIL trains and supervises directly to ensure quality. Client interviews acquire data in four areas: clients’ awareness about financial products, including knowledge of the interest rate they are charged on loans, the rate paid on their savings, etc.; clients’ access to capital and the role the MFI plays, such as whether anyone in the household already has a savings account with another MFI, has outstanding debt from a moneylender, etc.; enterprise-level information including the enterprises’ industry sector, whether any employees are non-family members, etc.; and poverty assessment information using among other indicators the PPI where available, and income relative to the poverty line where it is not. M-CRIL also conducts client focus groups to obtain feedback on the effectiveness of the MFI. M-CRIL performs cross-tabulation, frequency distribution and qualitative analysis of the data. The result is a greek letter rating and accompanying narrative and quantitative report available in hard copy or .pdf form.

Drivers for the Development of the Approach Financial ratings of the industry have been available since 1998, and a special rating fund was set up in 2001 by the Consultative Group to Assist the Poor (CGAP) to subsidize the uptake of credit ratings; today MFIs and investors pay for these credit ratings or do it themselves. A similar evolution is under way for social rating as MFIs and investors begin to measure whether an MFI delivers on its social impact potential.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | | | ✍️ ☆ |
| Company | 📄 📄 📄 | | ✍️ ☆ |
| Third Party | 📄 📄 | 👤 🖥️ + | ✍️ ☆ |

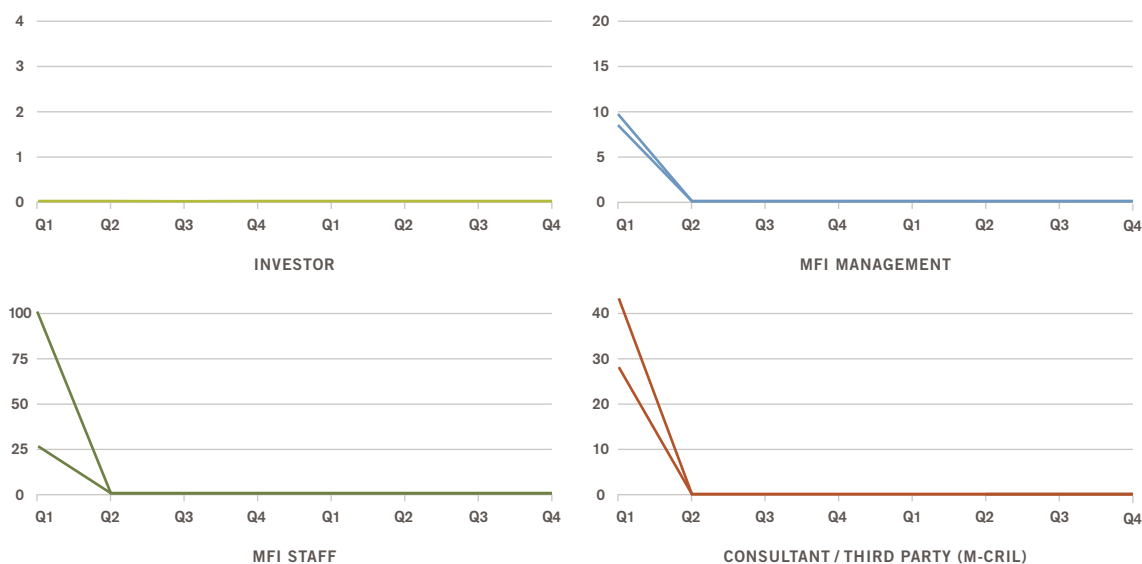
| KEY: | DATA ENTRY | ANALYSIS | REPORT |
|------|-----------------------------|--------------|-----------------------|
| | 📄 Spreadsheet | 👤 Manual | ✍️ Written Report |
| | 📄 ^w Web/Database | 🖥️ Automated | 📄 Spreadsheet |
| | 📄 Research Synthesis | + Customized | 📄 ^w Web |
| | | | ☆ Certification/Label |

APPLICATIONS TO DATE

In 2005 the first Social Ratings were done in Bangladesh with 2 MFIs and in India with 4 MFIs. Ratings have since been completed in Vietnam, Cambodia, the Philippines and Kenya, and are under way in South Africa, Bolivia and Haiti.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



Note: Values are on a per-microfinance institution basis. The upper limit is based on larger MFIs where 500 recent clients are interviewed and the lower limit is based on smaller MFIs where 130 recent clients are interviewed. In most cases the approach involving the smaller sample size has been used.

CREDIBILITY & VERIFICATION

- Client-level data are either collected directly by M-CRIL via interviews and field research, or provided by the MFI if it used similar procedures.
- Two M-CRIL staff conduct separate on-site 3rd party verification of MFI-reported client data, where the verifiers see the evidence/records themselves.
- An M-CRIL independent rating committee of 3rd party experts review the content and grade before finalized.

FUNCTIONS IN THE INVESTMENT CYCLE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

Social Value Metrics

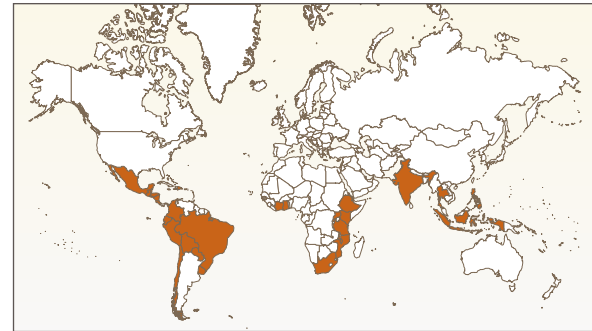
Root Capital

Countries Included:

- BELIZE, BOLIVIA, BRAZIL,
- CHILE, COLOMBIA,
- COSTA RICA,
- DOMINICAN REPUBLIC,
- EAST TIMOR, ECUADOR,
- EL SALVADOR, ETHIOPIA,
- GHANA, GUATEMALA,
- HONDURAS, INDIA,
- INDONESIA, IVORY COAST,
- KENYA, MALAWI, MEXICO,
- MOZAMBIQUE, NICARAGUA,
- PARAGUAY, PERU,
- PHILIPPINES, RWANDA,
- SOUTH AFRICA, TANZANIA,
- THAILAND, UGANDA

BRIEF DESCRIPTION OF APPROACH

Root Capital has a lending facility that makes loans to rural grassroots enterprises (such as organic coffee and cocoa cooperatives, handcraft associations, wild-harvested nut producers, and ecotourism businesses) in Latin America, Africa and Asia. Root Capital’s performance monitoring system tracks indicators of progress in the categories of Economic, Social and Environment, and is designed to work within its loan due diligence and monitoring process. Ultimately Root Capital intends to adopt an online system where results can be visible to the public.



COUNTRIES LISTED IN SIDEBAR

Methodology When a borrower enterprise applies for a loan, the enterprise manager fills out a loan application with a Root Capital investment officer, who enters the responses into an Excel database. In addition to the standard loan application questions, 20 impact questions covering 50 datapoints are included. The impact questions are broken into three categories: Economic (volume of sales, revenue, net assets, and the price premium a cooperative fetches for their product versus standard price); Social (includes number of members, jobs created, amount of purchases from local rural producers, and price the cooperative pays local producers relative to the price a middleman would pay); and Environment (includes total acres under organic certification, the number of trees planted in the past year, and the percentage of borrowers located in or around protected areas). The same set of indicators is used for every borrower. The full loan application takes approximately two days to complete; of that, the impact questions take approximately three hours to complete. Any missing information is obtained by Root Capital’s Monitoring and Evaluation officers in Latin America, Africa and Asia. Staff at Root Capital’s headquarters in the U.S. (Massachusetts) analyze changes in all indicators on an annual basis. Investment Officers make site visits at least annually to every borrower enterprise.

Drivers for the Development of the Approach Since the organization’s founding in 2000, Root Capital’s goal for this effort has been to inform internal decisions about which types of borrowers achieve the greatest impact, articulate the impact of their work, and provide this information to investors and other stakeholders. After seven years of collecting social and environmental data through its loan applications, in 2007 Root Capital began systematizing its assessment of these factors.

SCOPE OF ANALYSIS



Note: Root Capital defines “Social” in a way that is encompassed by the Catalog’s definition of “Economic.”

DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | | | |
| Company | | | |
| Third Party | | | |

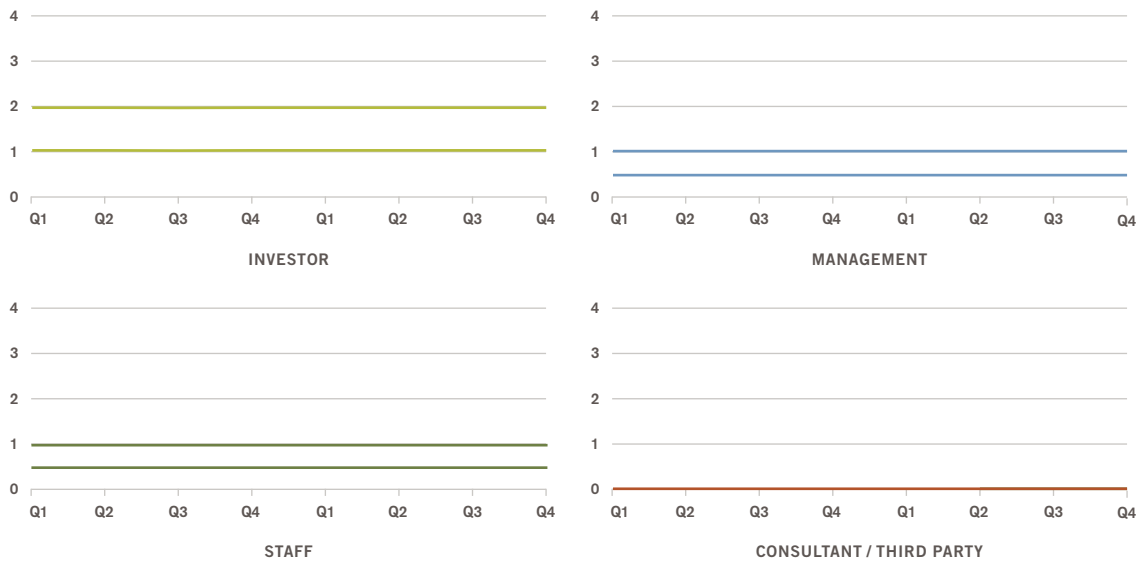
| KEY: | DATA ENTRY | ANALYSIS | REPORT |
|------|--------------------|------------|---------------------|
| | Spreadsheet | Manual | Written Report |
| | Web/Database | Automated | Spreadsheet |
| | Research Synthesis | Customized | Web |
| | | | Certification/Label |

APPLICATIONS TO DATE

The Social Value Metrics system’s first implementation in 2007 applied pilot metrics to 126 loans to 110 different enterprises; in 2008 the modified metrics will be applied to approximately 165 enterprises. The quantitative information captured will be supplemented with qualitative profiles of borrowers that highlight aspects of their social impact, as well as more in-depth environmental assessments of a sample of borrower enterprises.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- Data are self-reported by borrowers.
- Investment officers conduct annual site visits to 100% of the borrower enterprises over the course of the loans.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

SROI Analysis

Pacific Community Ventures

BRIEF DESCRIPTION OF APPROACH

SROI (Social Return on Investment) Analysis as applied by Pacific Community Ventures (PCV) provides an annual, aggregate Social Return Executive Summary that tracks employment and job quality at portfolio companies in PCV’s venture funds. The Executive Summary is distributed to limited partners and stakeholders; PCV’s fund investors also receive company-specific semi-annual employment and job quality updates that are not publicly available. PCV’s approach was originally informed by REDF’s SROI work, and has since evolved significantly through PCV’s own practice and learning. The approach informs PCV’s analysis of the relationship between business performance and job quality.



UNITED STATES













Methodology Once PCV’s Investment Team deems a company to be a good investment prospect on its financial merits (roughly 5% of companies reviewed make this cut), PCV performs a Social Return Screen. Prospective portfolio companies complete a questionnaire on the metrics PCV will track going forward if the company receives investment: numbers of employees, job quality including benefits, wealth-building plans and training, and how many individuals of certain income levels and from certain communities are employed. PCV enters the responses into an analytical tool that weights the data. Members of PCV’s team also meet with company management to understand the nuances of employment at the business being screened, to understand any plans for expansion of employment or benefits, and to answer any questions about PCV’s Social Return screening and monitoring process. Companies that receive investment sign a term sheet that includes a commitment to provide data for PCV’s ongoing SROI Analysis. Businesses financed by PCV report data in spreadsheet format once per year, and via online survey once per year. Originally data were collected quarterly, but PCV has learned that the marginal return on greater frequency than semiannually is low, and data collection less frequent than this would miss seasonality effects and other important developments. A third party consulting firm, BTW Informing Change, works with PCV to collect and clean data from businesses. PCV analyzes data using Access and Excel, and aggregates results for the portfolio into the published Executive Summary report.

Drivers for the Development of the Approach PCV’s mission is to provide resources and capital to businesses that have the potential to bring economic gains to California’s low-income communities; as such the firm has always sought to provide its investors with evidence of Social Return alongside financial return. PCV’s investors are primarily pension funds, banks, and insurance companies who share an interest in benefiting communities through their investments while also realizing financial returns.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|---|---|---|
| Investors |    |   |  |
| Company |   | |  |
| Third Party |  |  |  |

KEY: DATA ENTRY ANALYSIS REPORT

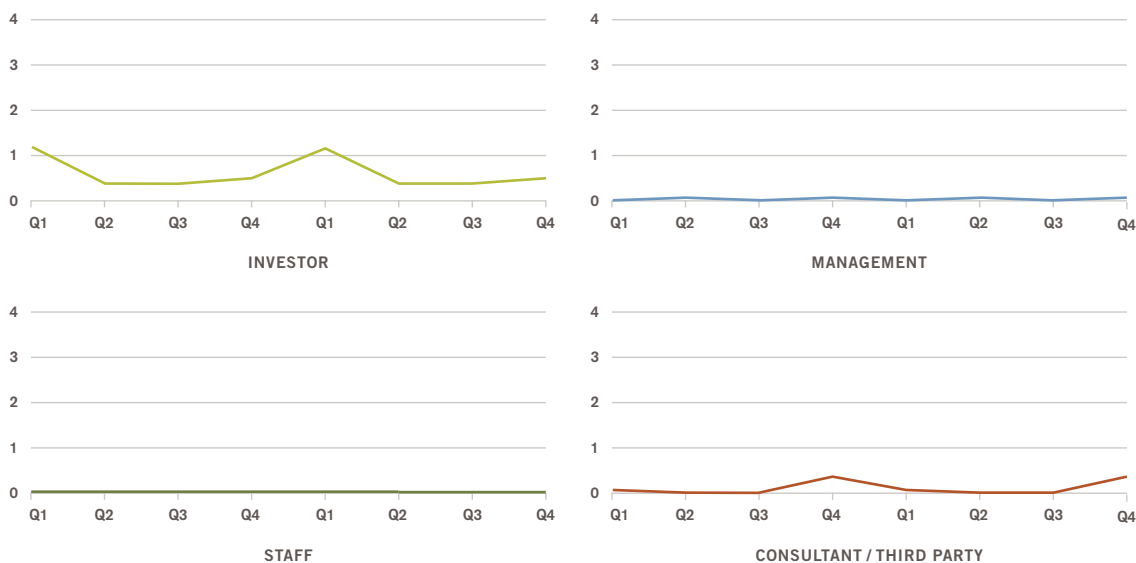
| | | | | | |
|---|--------------------|---|------------|---|---------------------|
|  | Spreadsheet |  | Manual |  | Written Report |
|  | Web/Database |  | Automated |  | Spreadsheet |
|  | Research Synthesis |  | Customized |  | Web |
| | | | |  | Certification/Label |

APPLICATIONS TO DATE

PCV first applied the approach to its own portfolio in 1999. Beginning in 2005 PCV was hired on a consulting basis to track the non-financial benefits of the CalPERS California Initiative, a \$500 million commitment of private equity targeted to underserved markets; and in 2007 to track those of the Golden State Investment Fund, a second CalPERS \$500 million commitment. PCV also provides SROI evaluation for the Northwest Area Foundation and other US-based institutional investors.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- Data are self-reported by portfolio companies based on systematic tracking.
- PCV conducts offsite 3rd party verification of processes, practices and source documentation by confirming consistency of self-reporting.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

SROI Calculator

Calvert Social Investment Foundation

Countries Included:

- AZERBAIJAN, BANGLADESH,
- BELGIUM, BOLIVIA,
- BOSNIA AND HERZEGOVINA,
- CAMBODIA, CANADA,
- COLOMBIA, COSTA RICA,
- ECUADOR, FRANCE,
- GEORGIA, GHANA,
- HAITI, INDIA,
- JORDAN, KAZAKHSTAN,
- KENYA, MEXICO,
- MONGOLIA, NICARAGUA,
- NIGERIA, PERU,
- SOUTH AFRICA, TAJIKISTAN,
- TANZANIA, UNITED STATES

BRIEF DESCRIPTION OF APPROACH

The SROI (Social Return on Investment) Calculator is an online tool that allows potential and current investors and investment advisors in Calvert Social Investment Foundation’s Community Investment Note portfolio to see how many housing, jobs and other outputs are likely to be generated for the investment they make. It is intended as a supplement to the annual financial and management due diligence reports on the portfolio that Calvert Foundation produces, and was inspired by unit cost analysis and REDF’s SROI work.



COUNTRIES LISTED IN SIDEBAR

Methodology Each summer Calvert Foundation distributes a brief survey to all portfolio organizations asking them to report their social impact outputs, information about the communities they work in, and relevant stories. Calvert Foundation aggregates the output data and updates a customized backend database that powers the online calculator. Anyone can go to the online interface to specify an investment amount and term, select their preferred geographic regions and sectors (housing, microlending, small business or community development), and the calculator returns the number of outputs likely to be generated for that amount of investment and term. Outputs the calculator shows are: the number of units of housing built, the number of small businesses and microentrepreneurs receiving loans, the number of jobs created at those small businesses and microenterprises created, and community facilities built. These figures are based on the portfolio organizations’ accounting of past outputs and investment required. Measuring and reporting social output is not a requirement for a loan: Calvert Foundation makes it clear that its loans are not contingent on lendees’ subsequent participation in the social due diligence survey that feeds the SROI Calculator, whereas more rigorous financial reporting is a requirement.

Drivers for the Development of the Approach Calvert Foundation views its Note as a way to provide low-cost financing to high-impact groups. The SROI Tool was created to help increase and retain investment into the portfolio.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | W | | W |
| Company | 📄 | | W |
| Third Party | 📄 W 📄 | 👤 🖥️ | W |

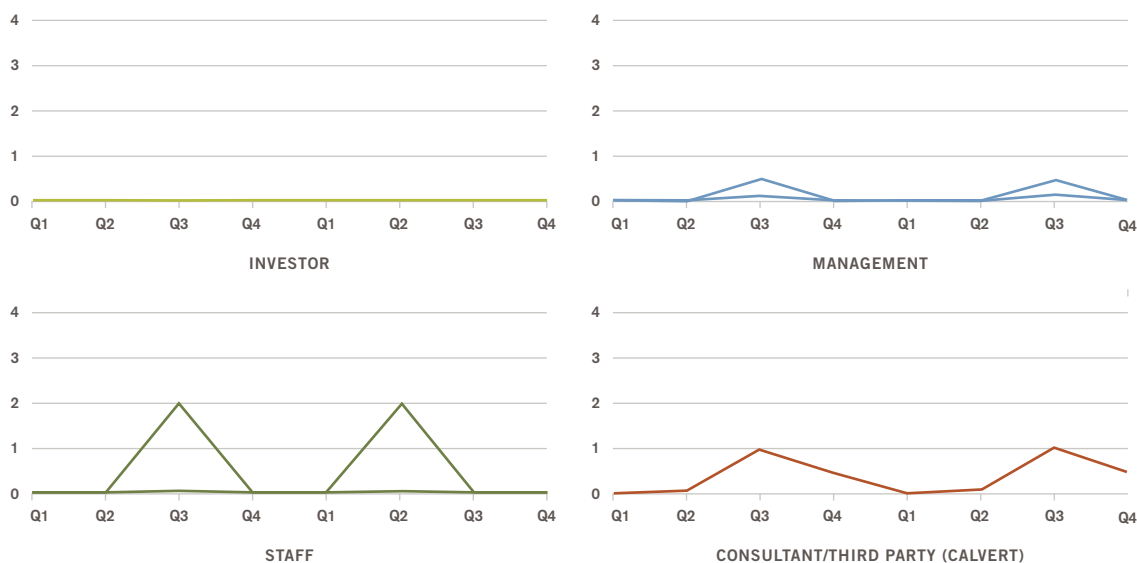
| KEY: | DATA ENTRY | ANALYSIS | REPORT |
|------|----------------------|--------------|-----------------------|
| | 📄 Spreadsheet | 👤 Manual | 📄 Written Report |
| | W Web/Database | 🖥️ Automated | 📄 Spreadsheet |
| | 📄 Research Synthesis | + Customized | W Web |
| | | | ☆ Certification/Label |

APPLICATIONS TO DATE

The SROI Calculator was launched in 2002, and today contains data from the majority of the Note portfolio’s over 240 organizations. These are high impact groups to whom the Foundation provides low-interest debt financing, and include nonprofit and for-profit microfinance, affordable housing, community development finance and social enterprise institutions. About 35% are based in countries outside the US, the rest are US-based.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- Data tracking is systematic, done by entity management and/or staff.
- Calvert provides offsite 3rd party verification of data by confirming consistency of documentation.
- No verification scheme has been defined.

DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | | + | |
| Company | | + | |
| Third Party | | + | |

KEY: DATA ENTRY ANALYSIS REPORT

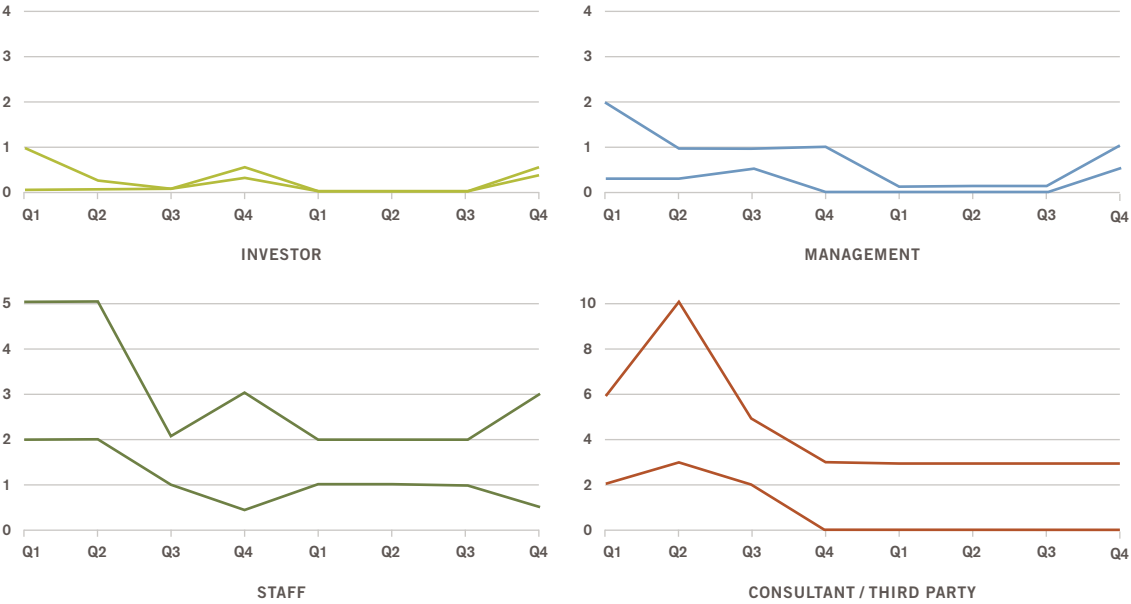
| | | | | | |
|--|--------------------|--|------------|--|---------------------|
| | Spreadsheet | | Manual | | Written Report |
| | Web/Database | | Automated | | Spreadsheet |
| | Research Synthesis | | Customized | | Web |
| | | | | | Certification/Label |

APPLICATIONS TO DATE

The SROI Framework was drafted in 2003 and revised in 2006. The number of applications and full list of countries is unknown, however its advocates include European SROI Network (6 countries) and members of the International Social Entrepreneurs’ Alliance (7 Latin American countries), and versions of the SROI approach are known to have been applied in corporations, nonprofits, foundations, private equity investment funds and government entities.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- Data tracking is systematic.
- Users systematically integrate proxy impact data from sources like government statistics or longitudinal studies.
- Verification of results is recommended, either on-site, where verifiers see the evidence/records themselves, or off-site, where verifiers confirm consistency of sources and documentation.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

SROI Lite

Global Social Benefit Incubator

Countries Included:

- BANGLADESH, BOLIVIA,
- BULGARIA, CAMBODIA,
- CAMEROON, CANADA,
- EL SALVADOR, GHANA,
- GUATEMALA, INDIA,
- KENYA, INDONESIA,
- LEBANON, MADAGASCAR,
- MALI, NEPAL,
- PHILIPPINES, ROMANIA,
- SOUTH AFRICA, SURINAM,
- UNITED STATES

BRIEF DESCRIPTION OF APPROACH

SROI (Social Return on Investment) Lite is a simplified version of the SROI Methodology for calculating impact relative to investment first documented by REDF in 2000. It asks enterprise managers to define the single most important output they create, and the unit cost of that output, using indicators that can easily be captured as a matter of the regular course of business operations. Eric Carlson of the Global Social Benefit Incubator at Santa Clara University combined his knowledge of business management metrics from his decades-long career in California’s high technology industry with SROI principles to arrive at SROI Lite. It is intended as one component of a management dashboard that would also include financial, organizational, and process metrics.

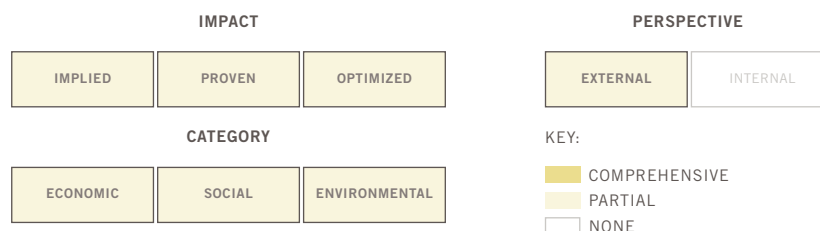


COUNTRIES LISTED IN SIDEBAR

Methodology SROI Lite is designed to use data that managers can collect relatively easily as part of normal business operation, and that are useful not just for investors or funders but also in running the business. The tool asks managers of social benefit enterprises, meaning businesses designed to achieve an explicit positive impact, to define their most important social, economic or environmental output. Then, organizations calculate how much they spend for every successful output created. The critical step is to clearly define what a “successful” outcome is. For example, if the cost of putting on a professional grade concert is \$60 per concert-goer in San Jose versus \$80 in San Francisco, that is compelling if what is meant by professional grade is that concert-goers can not tell the difference in the quality of the two concerts. Verification that outputs are in fact quality outputs is an important aspect of successful implementation of SROI Lite. If the desired outcome is complex, then SROI Lite is difficult to undertake and may not be a credible measure because the nature of the outcome cannot be captured in a simple number.

Drivers for the Development of the Approach The GSBI provides management training to social benefit businesses, and as a faculty member in the initiative Carlson wanted to teach GSBI participants how to get a clear idea of what they were getting out for the dollars that go into their enterprises. He had been impressed with REDF’s concept of SROI but found it too complex, and this was contrasted with the ease with which people understood for example the Aravind Eye Clinic’s ability to cite the number of blind people whose vision it restores per investment.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | | | |
| Company | 📄 | 💻 + | 📝 📄 |
| Third Party | | | |

KEY: DATA ENTRY ANALYSIS REPORT

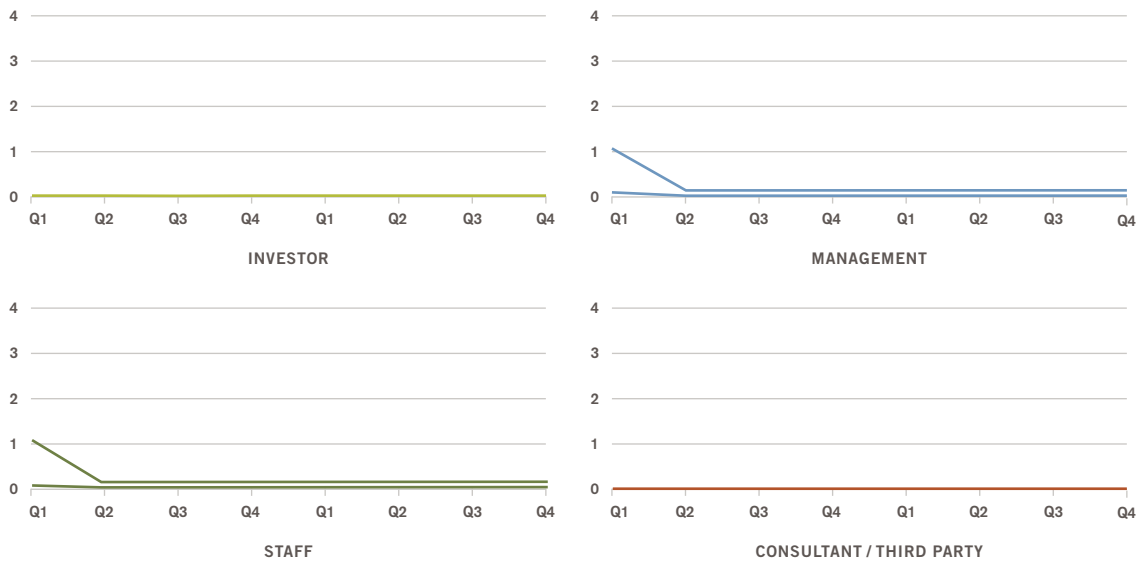
| | | |
|-----------------------------|--------------|-----------------------|
| 📄 Spreadsheet | 👤 Manual | 📝 Written Report |
| 📄 ^w Web/Database | 💻 Automated | 📄 Spreadsheet |
| 📄 Research Synthesis | + Customized | 📄 ^w Web |
| | | ☆ Certification/Label |

APPLICATIONS TO DATE

SROI Lite was first used in 2006 during the GSBi’s management training, in the San Jose Symphony Orchestra, for which Carlson was providing turnaround consulting, and with two other California-based human services nonprofit organizations. Approximately three dozen early-stage social enterprise managers working in over 21 countries have since been trained in the approach.

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- Data tracking is systematic, done by entity management and/or staff.
- Proxy impact data from sources like government statistics or longitudinal studies may be related to outputs, but this is not required.
- Organizations may or may not track proven impact using longitudinal studies on subsets of their own operations. Over time indicator data tracked by the organization itself becomes pre- and post-test evidence of some impacts.
- No verification scheme has been defined.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

SROI Toolkit

Social Venture Technology Group (SVT)

BRIEF DESCRIPTION OF APPROACH

The SROI (Social Return on Investment) Toolkit is an impact assessment and management system designed for use with both individual companies and investment portfolios; it can be applied to the management and investment assessment of any asset class, and to grantmaking and government program portfolios. The Toolkit was developed by Social Venture Technology Group (SVT) and combines the SROI Framework with the management scorecard used in the original HIP™ Framework, and with practical insights from SVT’s clients in the field.

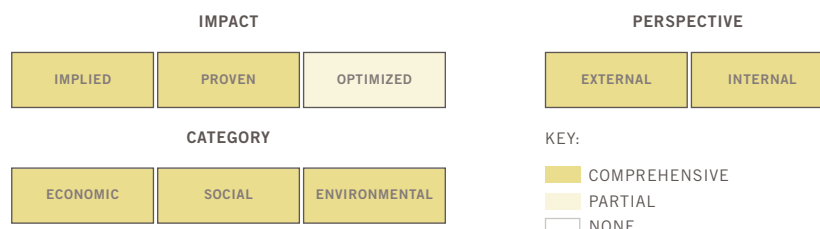


BOLIVIA, EGYPT, INDIA, MEXICO, PERU, SWITZERLAND, THE NETHERLANDS, UNITED KINGDOM, UNITED STATES

Methodology The SROI Toolkit has three core components: measurement (SROI spreadsheets), management (SROI Dashboard), and communication (Results and Practices plotted on two axes). SVT first works with the client to define one or more specific, measurable “addressable impacts” (social, environmental and/or economic issues the organization or investor seeks to affect), and any significant, potential unintended impacts. In this process key stakeholders are identified and, if strategically productive, involved, as well as other stakeholders who may be positively or negatively affected by the entity’s operations or products. Next SVT helps the client define indicators of this impact that it can track in the course of regular business operations, and a process for collecting any needed data that are not already being collected. SVT also collects base case and outcome data from experts and secondary research sources, and customizes an analytical model that associates the organization’s regularly collected data with impact results. This feeds into the SROI Dashboard that shows progress toward impact and the status of five key management practices that drive the creation of impact. SVT provides customized training to equip the organization to manage the Toolkit for continued insight into the relationship between strategy, activities, impact, and financial results. SVT’s SROI Toolkit can be integrated into existing in-house information technology systems or built as a customized SROI information system.

Drivers for the Development of the Approach SVT was founded to facilitate the development and widespread dissemination of tools that make the non-financial impact of investments and organizations visible to the marketplace. With this information, SVT believes capital will flow away from entities creating negative impact to those creating positive impact.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | | + | |
| Company | | + | |
| Third Party | | + | |

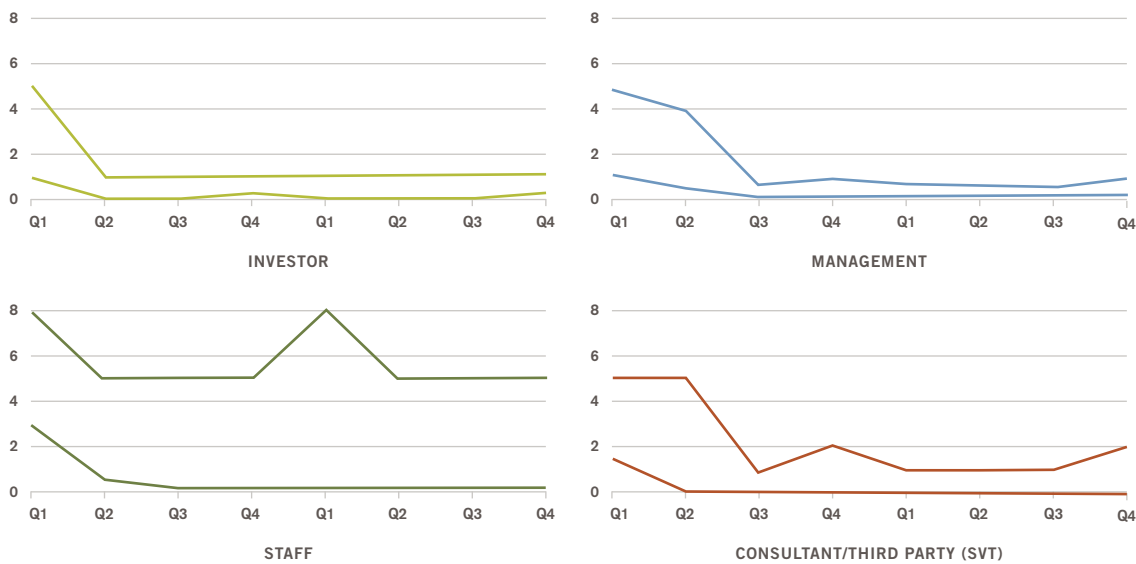
| KEY: | DATA ENTRY | ANALYSIS | REPORT |
|------|--------------------|--------------|---------------------|
| | Spreadsheet | Manual | Written Report |
| | Web/Database | Automated | Spreadsheet |
| | Research Synthesis | + Customized | Web |
| | | | Certification/Label |

APPLICATIONS TO DATE

SVT first began development of the SROI Toolkit in 2001 and has used it with clients ranging from startup companies to large institutional investors. SVT has teamed with partners to version it for applications in private equity investment (EPRS), portfolio-based nonprofit funding (PROI™ Framework), and public equity analysis (HIP™ Scorecard).

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- Data tracking is systematic, done by entity management and/or staff. Organizations may or may not track their actual impact using longitudinal studies on subsets of their own operations. Over time indicator data tracked by the organization itself become pre- and post-test evidence of some impacts.
- SVT systematically integrates proxy impact data from sources like government statistics or longitudinal studies.
- By client request, SVT conducts either off-site or on-site verification.

FUNCTIONAL TYPE

| | | | |
|-----------------|---------------|-------------------|-------------------|
| GENERAL | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |
| SECTOR-SPECIFIC | RATING SYSTEM | ASSESSMENT SYSTEM | MANAGEMENT SYSTEM |

Trucost

Trucost PLC

Countries Included:

- AUSTRALIA, AUSTRIA,
- BELGIUM, BRAZIL,
- CANADA, CHINA,
- DENMARK, EGYPT,
- FINLAND, FRANCE,
- GERMANY, GREECE,
- HONG KONG, HUNGARY,
- ICELAND, INDIA,
- INDONESIA, IRELAND,
- ISRAEL, ITALY,
- JAPAN, LUXEMBOURG,
- MALAYSIA, MEXICO,
- NETHERLANDS,
- NEW ZEALAND, NORWAY,
- PAKISTAN, PERU,
- PHILIPPINES, POLAND,
- PORTUGAL,
- RUSSIAN FEDERATION,
- SINGAPORE, SOUTH AFRICA,
- SOUTH KOREA, SPAIN,
- SWEDEN, SWITZERLAND,
- TAIWAN, THAILAND,
- TURKEY, UNITED KINGDOM,
- UNITED STATES

BRIEF DESCRIPTION OF APPROACH

Trucost Plc is an environmental research organization that provides industry-wide and company-specific research to help companies and investors understand, communicate and reduce the environmental impacts of business activities. Trucost’s research provides a tool for investors to see and manage environmental risk and engage with companies to encourage them to improve it, and for companies to see their environmental impact and engage with suppliers to encourage them to improve their environmental performance in areas most relevant to the company’s business and sector.



COUNTRIES LISTED IN SIDEBAR

Methodology Trucost’s analysis can be used to assess the direct and supply-chain environmental impacts of any public or private company in any industry sector or geography. Trucost calculates both the quantity of emissions, and the external damage costs to the environment and human health, from a company’s operations. Trucost rates the efficiency of a company’s operations and provide clients with an understanding of the financial risks to a company if it had to pay for its environmental impacts. A global input-output model is used to estimate the amount of resources a company uses (the inputs) to produce goods or services (outputs), and the related level of pollutants. Trucost’s model has identified the quantities of over 700 environmental indicators per unit of output for 464 specific industry sectors. These indicators cover the use of resources such as water and fossil fuels, as well as waste production and pollutants such as greenhouse gas emissions and mercury. The model includes data from multiple government sources. The environmental impacts modeled for each sector are then allocated to a company according to the proportion of its revenues in each sector; data from Thomson Financial and company accounts are used to identify segmental revenue data and map each company to its Trucost sector(s). Where available, Trucost obtains information from a company’s publicly disclosed data to create a company’s specific environmental profile; where not available information is obtained either directly from companies or Trucost relies on calculations from its model. The analysis distinguishes between levels of the supply chain from the first-tier of suppliers through to total upstream supply chain requirements. The result is a summary report, available to the company and/or its investors.

Drivers for the Development of the Approach Trucost was started in 2000 as companies increasingly began reporting on their environmental performance, but there was little consistency, objectivity or comparability to the information presented. Trucost created a system to evaluate the actual environmental performance of a company and objectively compare its performance within and across different sectors and geographies.

SCOPE OF ANALYSIS



DATA MANAGEMENT TOOLS

| | DATA ENTRY | ANALYSIS | REPORT |
|-------------|------------|----------|--------|
| Investors | | | ✍️ 📄 📄 |
| Company | 📄 📄 | | ✍️ 📄 📄 |
| Third Party | 📄 📄 📄 | 💻 + | ✍️ 📄 📄 |

KEY: DATA ENTRY ANALYSIS REPORT

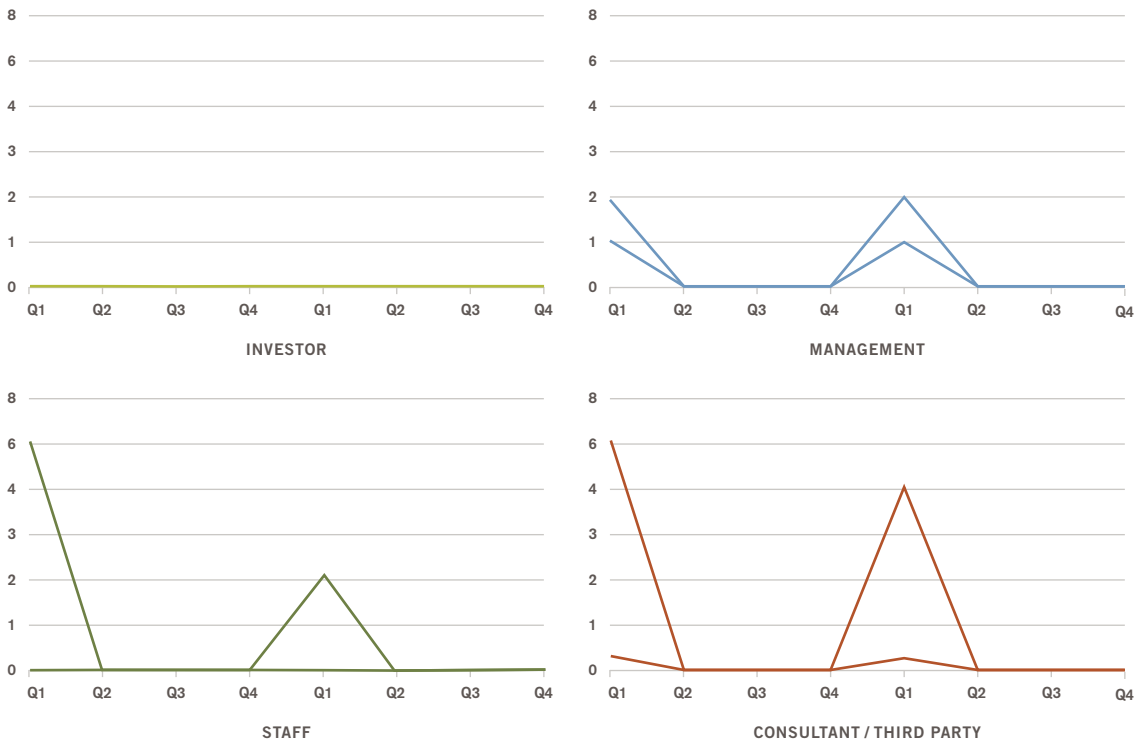
| | | |
|----------------------|--------------|-----------------------|
| 📄 Spreadsheet | ✋ Manual | ✍️ Written Report |
| 📄 w Web/Database | 💻 Automated | 📄 Spreadsheet |
| 📄 Research Synthesis | + Customized | 📄 w Web |
| | | ☆ Certification/Label |

APPLICATIONS TO DATE

The Trucost methodology has been used to evaluate over 4,200 companies and assets of over \$50 billion. Clients include investors (e.g. UBS, Hermes); corporations (e.g. Avis, Prudential and Gate Gourmet); and governments and NGOs (Trucost wrote the UK Government’s environmental reporting guidelines for business, released in January 2006).

FEASIBILITY

ESTIMATED DAYS FTE PER QUARTER BY ROLE — UPPER AND LOWER LIMIT



CREDIBILITY & VERIFICATION

- Data are gathered from government sources, auditable filings, and company self-report.
- Trucost contacts every company to verify data and receive feedback.
- Trucost performs off-site verification of consistency of documentation and accuracy by triangulation with other data sources.
- Trucost also provides environmental auditing and reporting assurance services on request.

Appendix A. Innovations in the Form and Use of Impact Approaches

One of the great emerging opportunities in the field of impact measurement is in *information design*—the clear and effective communication of complex information. The value of an organization’s impact measurement efforts increases exponentially when the results can be easily found, understood and related to by others. The information design opportunity entails both *access* to information, and *ease of use* of the information itself.

INFORMATION DESIGN: ACCESSIBILITY

Current technologies are democratizing both the access to and user-friendliness of information about impact through low- or no-cost, easily implemented applications. The most fundamental tool in this regard is the internet. With internet access it is quite simple for the investor in or manager of a forestry project in Borneo to post and share what they have learned about how to create and measure the impact of their work to a website, and for a forestry project’s investors in Brazil to click on that site to inform their decision making thousands of miles away.

To this end, online, collaborative databases are emerging for the exchange of best practices. Xigi.net and Wiserearth.org both have created mapping applications and websites designed to help parties in the emerging capital marketplace learn who else is in it, and to see how everyone relates to everyone else. Both allow entities to enter themselves into a visual database that shows each entity in the database as a dot, and how each dot connects to the other dots. Xigi focuses on investors and the entities in which they are investing, while WiserEarth offers a more comprehensive landscape of players working to create positive impact.

Socialimpacts.org is another example. It is a new database of leading indicators of impact from projects in many industries and geographies around the world. Anyone can scan the list of indicators and the outcome studies they are associated with to find ones that are relevant to their industry and geography. Also, anyone can register for free and contribute metrics back to the community database by filling in form fields. In this way those implementing social impact measurement approaches can easily find useful baseline and comparative data without extensive research.

INFORMATION DESIGN: EASE OF USE

It is not sufficient to report impact information if it is in a form no one can understand or use. The point was made in the companion report to this Catalog, **Impact Measurement Approaches: Recommendations to Impact Investors** that if a company’s CFO got to decide in what order she would put the line items in the financial statements, readers would spend the majority of time trying to decipher the information. This is the situation faced by the impact investment world today because there has been no coordinated attention paid to what report layout would be best for the communication of impact information. A recommendation to impact investors is that a standard information design protocol be developed to ameliorate this problem.

The potential exists to transform the concept of what an impact report is. Reports can contain the full spectrum of information types, and allow readers to click hyperlinks to access information impact that is updated in real time, and/or that is generated collaboratively by stakeholders in many different locations with different vantage points. GoogleEarth, for example, provides several powerful means of visually representing impacts around the world with technology that allows the user to “fly anywhere on Earth to view satellite imagery, maps, terrain, 3D buildings and even explore galaxies in the Sky.” If systematic measurement of impact is a substitute for intimacy³, technology can create intimacy in ways never before possible.

Whether or not these tools become part of the standard layout of an impact report, some of the most effective means of conveying impact information in a way that enables decisions and action are illustrated by the GoogleEarth maps created by its user community. One example is Google’s collaboration with the Holocaust Museum to display to anyone with an internet connection what was happening in real time on the ground in Darfur during the recent genocide. Not only did the map show the geography of affected areas, but it revealed the nature, scale and movement of the negative impacts in a way that most people can understand in a split second (such as flames from villages actually burning). Another map models the potential change in worldwide sea levels as a result of increasing global temperature. Using such tools, both actual and potential impacts can be revealed visually in context, in ways that make impact relevant like never before.

EXCHANGES

A final innovation worth noting is the advent of exchanges that facilitate transactions between companies or nonprofits organizations generating positive impact, and investors or donors funding them. In some cases there is an actual price placed on the environmental or social impact being offered. In others intangible social value is the good being “traded,” but as methods of quantifying its value improve, some platforms are experimenting with “pricing” social impact.

Regulated trading schemes for environmental impact exist today. They use a quantifiable leading indicator of the impact, rather than proof of the impact itself (for example, units of carbon not emitted or acres of wetland not destroyed, rather than changes in climate stability, water quality or biodiversity), as the commodity. For carbon emissions the largest is the European Union Emission Trading Scheme. In the United States there are also several regional markets for oxides of nitrogen and sulfur (compounds related to smog and acid rain). There are also markets in wetlands, water quality and biodiversity. In some places, when developers plan a project that will impact endangered species or other natural resources, to mitigate harm to watershed and wildlife habitat they have the option of meeting regulatory requirements by buying credits in a “conservation bank.” A conservation bank is private land containing watershed and/or valuable biodiversity, whose owner then uses the money to protect the resources in the bank. The Ecosystem Marketplace has noted that in addition to formal markets driven by regulatory incentive, countries including Costa Rica, Mexico, Australia, Colombia, Ecuador, and South Africa “have been setting up what might be considered ‘proto-markets’--systems of payment--for the services provided by ecosystems; systems that could one day become the precursors of larger, more traditional markets.”⁴ These voluntary markets are motivated not by government-set caps, but by the value people in general place on ecosystem assets. These markets’ viability depends on the ability to measure those assets over time.

In terms of social impact, several physical markets and web platforms designed as matchmakers between donors and nonprofit organizations use the word “exchange” in their names. At least one is the initiative of a conventional stock exchange, BOVESPA’s São Paulo Stock Exchange; however there

³ Paraphrasing author Michael Pollan.

⁴ Quoted from the Ecosystem Marketplace’s website <http://ecosystemmarketplace.com/pages/static/about.php>, May 2008.

are no legally binding schemes governing these social exchanges, as is the case for conventional stock exchanges and in the regulated emission trading markets. The premise in a social exchange is that donors “receive” social value created by the organizations in exchanges for their contribution. To date in most cases social impact is implied and communicated in the form of pictures and anecdotes, and there is little measurement or reporting of quantitative impact. However, there is some movement in this direction.

One example, Socialmarkets.org, is pilot testing a platform where donors select organizations on the basis of their SROI, which is shown in dollars and calculated using a formula based on the listing organization’s quantitative output and outcome and budget data. The table below summarizes the impact measurement practices of several online social investment and donation platforms (not a comprehensive list).

Approaches to impact measurement are maturing and becoming increasingly widespread. It may not be long before it is possible to buy verified units of poverty alleviation, health, or other things we all prize but consider intangible today.

Social Investment Platforms: Summary of Impact Measurement Approaches

| | BVS&A | DONOREEDGE | GLOBALGIVING | HELPPARGENTINA | SASIX | SOCIALMARKETS |
|--|--------------------------|--------------------|---|---|--|--|
| URL | www.bovespasocial.com.br | www.donoreedge.org | www.globalgiving.com | www.helpargentina.org | www.sasix.co.za | www.socialmarkets.org |
| Date launched | 6/03 | 2003 | 2/02 | 6/02 | 6/06 | 11/07 |
| Impact measurement | None | Anecdotal | Systematic | None | Systematic | Systematic |
| Systematic methodology | N/A | N/A | Subset of projects are visited for social and financial audit. Periodically a random sample receive add'l eval. (eg checking references). GG also surveys projects about activities, results. | N/A | Test for: Concept, Design, Capability, Control, Sustainability, & External Factors. SASIX staff vett projects before listing; anecdotal quantitative and qualitative “expected life change.” | SROI: Listing orgs self-report quantitative baseline data, outcomes. % change in outcomes above baseline is calculated over time. SM records its confidence in the quality of information. Plans to link users’ ratings of SROI. |
| IMPACT MEASUREMENT CATEGORIES | | | | | | |
| Environment, social/health, economic, equality | N/A | Depends | Depends | | Depends | Depends |
| Transparency | N/A | Partially | Partially | | Depends | Depends |
| Other | N/A | Depends | Depends | | Depends | Depends |
| Output/outcome differentiation? | N/A | No | No | No | No | No |
| Verification | N/A | No | Credibility Alliance certification of proper documentation. | Periodic site visit audits, document verification | No | No |
| Tools offered to the user | Progress reports | DonorEdge profile | Update through email/RSS; Widgetbox widget to spread the word on user’s profile, blog, or website | None | Regular progress reports and final report upon completion of project. | Email alert on report updates; Leaderboard (Donors are rated by their overall SROI for all the donations they have made) |



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