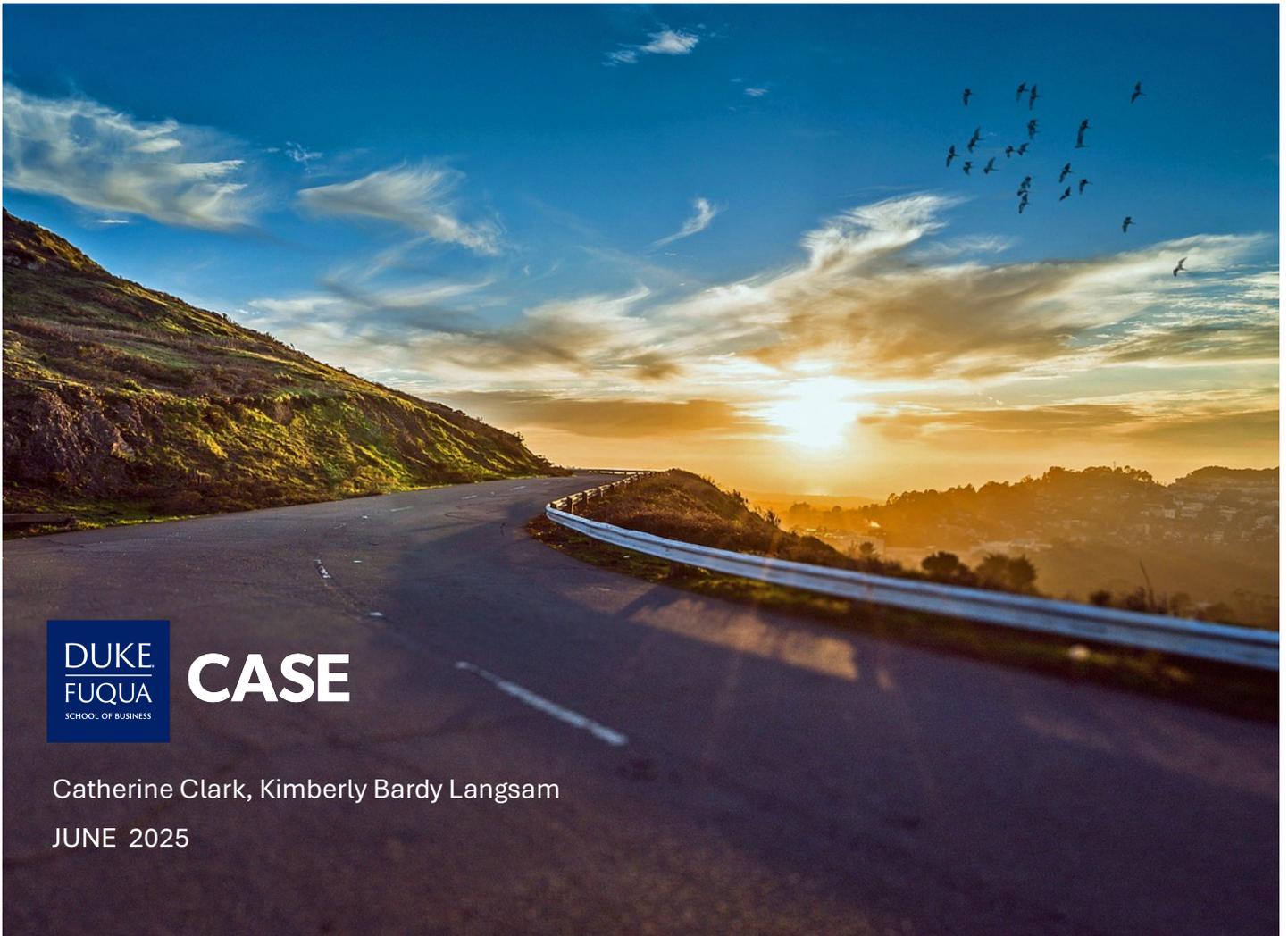




More Than a Starting Point:

Unlocking the Full Potential of Impact Ratings



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In addition to the impact investment organizations listed under Fund Profiles, we were also fortunate to interview and learn from British International Investment, IDB Invest, RRG Capital Management, and The Nature Conservancy.

Introduction

A Pivotal Framework for Impact Investors

Investors worldwide are seeking more robust and professionalized systems for [impact measurement and management \(IMM\)](#). The emergence of global standards such as the [Operating Principles for Impact Management \(OPIM\)](#), along with verification agents like BlueMark, is accelerating this trend.

The 2017 publication of “[Toward the Efficient Impact Frontier](#)” demonstrated how an investor could quantify the impact potential of an investment and integrate that quantification with financial risk and return to create a portfolio optimized for both impact and financial return. This pivotal moment for the impact investing field led to several more years of research, consultation, and experimentation to pioneer new ways of integrating impact management with financial management. Since 2018, [Impact Frontiers](#), a leading force in this effort, has [trained](#) more than 150 impact investment firms to better align their investments with their social and environmental impact objectives, with the north star being integrated impact and financial analysis to move toward the “efficient impact frontier.”

This practice is now often referred to as “Impact-Financial Integration.” It represents a broader set of practices that enables investors to understand the characteristics of impact that most positively or negatively correlate with financial return. It helps settle the age-old question, “*Does pursuing impact cost you financial return?*” with data derived from the unique portfolio of each investor, providing customized answers. By utilizing this integrated data, hundreds of impact investors have managed their portfolios in ways that optimize BOTH impact and financial return.

To equip investors in moving toward their own practices of impact-financial integration, the Impact Frontiers training has focused on supporting investors to build, customize, and leverage these two key tools for practice: first, creating an Impact Rating, and then, developing a system for integrated Impact-Financial Analysis.

WHAT IS AN IMPACT RATING?

An **impact rating** is a method of impact valuation that assigns a quantitative, but non-monetized, value to the impact of an investment. Using their own criteria, investors can create impact rating systems to evaluate and compare the expected or actual impact of investments on stakeholders. These ratings represent the initial step toward building an integrated analysis of impact and financial return. Typically, impact ratings are presented in table format, featuring scoring criteria for selected dimensions of impact – such as in the example below.

For more information on impact ratings, see Appendix A.

Simplified Impact Rating Scorecard

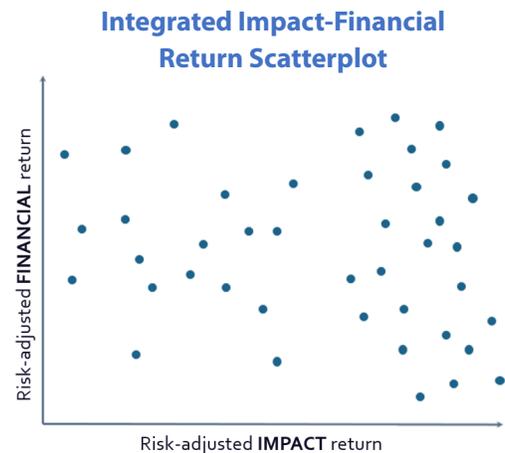
Dimension	Max Score	Assessment
Community-centered	26/30	High
Who	19/20	Very High
Contribution	8/15	Moderate
Risk (Mitigation)	13/15	Very High
Alignment (What)	14/20	Moderate
Effectiveness	28/30	Very High
Overall	107/130	High

WHAT IS IMPACT-FINANCIAL INTEGRATION?

Impact-financial integration is a comprehensive approach to impact investing management that goes beyond basic screening for positive or negative impact and the pursuit of financial returns in isolation. Instead of treating impact and financial performance as separate considerations, this method allows investors to examine how various dimensions of impact relate to financial outcomes across their portfolios.

Over time, this data-driven approach reveals opportunities to make more strategic decisions that optimize both impact and financial return—at the individual investment and portfolio levels. Whether investors aim for market-rate returns or are open to concessionary returns, impact-financial integration facilitates clearer, more effective capital allocation aligned with their objectives.

The process begins by assigning numerical scores to both impact (through an impact rating) and financial return (using available financial data), enabling a wide range of analyses. A common starting point is to plot these scores on a scatterplot (see example below), which offers a visual representation of the portfolio. This visualization helps investors identify patterns such as which investments provide both high impact and high return, where trade-offs may exist, and where opportunities are available to optimize for both. As the dataset expands, this approach supports increasingly informed, data-driven decision-making that enhances both impact performance and financial outcomes.



Each point on this example plot represents an investment

Leveraging the Impact and Integrated Analysis Tools in Practice

To better understand how alumni of Impact Frontiers' trainings are applying the tools in practice, Impact Frontiers engaged CASE at Duke—its co-facilitation partner since 2022—to lead a qualitative research initiative. This effort involved conducting interviews and reviewing publications and reports produced by training alumni. For the interviews, we identified a diverse group of impact investing organizations that had participated in the training and issued an open call for additional alumni to join the study. As a result, we conducted interviews with 14 funds over the course of 2023–2024, seeking to understand:

- How are investors **using** the impact rating and integrated impact-financial analysis tools in practice?
- What **value** do these tools deliver?
- What **challenges** arise in adopting them?
- How are investors with **varying goals and strategies** applying them to their decision-making processes?
- What are the **key milestones** marking their progress?

Interviewees included both asset managers and asset owners, spanning a wide range of organizational objectives, sizes, geographic areas, and industry focuses.

We examined what these fund and asset managers developed (and when), the benefits they experienced, and the challenges they faced. While most investors reported developing and testing a customized impact rating tool within 6 to 12 months and formalizing its use as part of the impact management process afterward, many felt sheepish about their own perceived lack of progress in achieving integrated impact-financial analysis. We found that this unease about not yet achieving the "north star" of integrated analysis often obscured their appreciation of the remarkable benefits they had accrued up to that point.

Fully leveraging integrated impact-financial analysis often takes several years, but even the initial steps in the process provide significant value to impact investing organizations. It has become clear that for these funds, developing and applying an impact rating is a significant step in itself, helping to clarify and focus all impact-related decisions and management for their firms. And just as the brilliant light of a north star is not only experienced upon reaching it, the benefits of impact ratings accumulate with every step taken forward.

This report highlights and summarizes the activities and benefits that investors accumulate around impact management as they define, apply, and leverage impact ratings within their organizations – regardless of their timeline or intentions to reach the distant north star.

Personally, we have been thrilled to witness the tangible value and progress generated from the Impact Frontiers trainings on impact ratings. When teaching practitioners something complex and tailored, you often hope for this level of traction and value, but it's not always clear if it has been achieved. In this instance, we now know it has been, and continues to be. We hope this report provides both meaningful insights and inspiration to former and future Impact Frontiers participants, as well as to other investors looking to enhance their impact management practices.

Cathy Clark, Faculty Director, and Kimberly Bardy Langsam, Sr. Program Director

CASE at Duke

Fuqua School of Business at Duke University

June 2025

About CASE at Duke

CASE is an award-winning research and education center based at Duke University's Fuqua School of Business with the mission to prepare leaders and organizations with the business skills needed to achieve lasting social change. Since 2002, CASE has served as a hub for teaching, research, and practitioner engagement in social impact, and in 2011, launched the CASE i3 Initiative on Impact Investing, the first global program at a leading business school to blend academic rigor with practical knowledge on the growing field of impact investing. Over the past twenty years, CASE has been engaged by some of the most significant global organizations for its rigor, unbiased perspective, and ability to distill and communicate key factors for success in the impact economy. CASE has educated thousands of business students through classes and experiential learning programs, and tens of thousands of impact professionals through online tools, research, thought leadership, and executive trainings to improve their ability to define, manage, and achieve impact.

centers.fuqua.duke.edu/case

Executive Summary

While impact rating tools were initially introduced as a step toward fully integrated impact-financial analysis, our interviews revealed that developing a customized impact rating is a significant achievement in its own right. Although it requires time, nearly all funds that utilize these tools report meaningful benefits — many of which arise quickly within the first year, with others emerging in the subsequent years.

Practical Benefits of Impact Ratings as a Starting Point

This report aims to demonstrate to impact investors the benefits that can accumulate at different stages of developing and implementing an impact rating system – to guide those interested in starting the journey and to provide a broader perspective on potential benefits (and associated activities) for those already on the journey. It also seeks to help investors calibrate the pace of change within their organizations, as accomplishing all of this simultaneously can be both daunting and challenging.

The report includes two main sections:

1. **Activities and Benefits Across Three Phases of Development**, a cross-cutting look at the potential benefits of impact ratings at different stages of development and as applied to various parts of the investment cycle.
2. **Fund Profiles**, a deeper exploration of the customized impact rating tools that individual impact investors have developed and how they are using them.

How Impact Investors Can Use This Report

- ***If you haven't explored developing an impact rating*** but want to professionalize your impact practice, better understand whether and how your investments create impact, and see how your portfolio aligns with your impact thesis, you can read about the benefits of impact ratings at each development stage to identify what matters most to your organization. After identifying the key benefits, review the necessary steps and activities to achieve them, and plan how to pursue those steps. Refer to the Impact Rating Fund Profiles to find investors with similar characteristics and gain insights into their motivations, processes, and lessons learned.
- ***If you've begun developing an impact rating***, read through the benefits to identify those others have experienced and assess their importance for your organization. Review the common steps to achieve the next level of benefits and determine if the effort aligns with the value for you now or later. Use the provided benefits and examples to articulate value to colleagues and gain buy-in. Utilize Fund Profiles to identify organizations from which to learn to support your practice. Importantly, examine the diverse organizations profiled in the report, the value gained at each step, and how they've tailored the tools to their capacity and objectives.

Overall Observations, on Impact Ratings in Practice

As we spoke with a variety of investors at different stages of developing, refining, applying, and drawing insights from an impact rating tool, we observed several overarching themes that complement the benefits described in the next section.

Interviewees found the bulk of the tool's value in **shaping the vocabulary to define what is collectively valued** by the fund or portfolio and using that vocabulary to structure meaningful discussion.

Key Themes Across Investors

Diligence is the On-ramp, but Benefits Quickly Accumulate Beyond.

Many investors initially pursue an impact rating to codify and bring additional credibility to their diligence process. However, they quickly discover that the advantages of this tool and the process reach across the entire investment lifecycle.



"At the heart of our approach sits our Impact Framework [i.e., impact rating tool]. It provides a consistent way to articulate impact across sectors and products, and provides a lens to assess expected impact, and monitor it over time." **British International Investment's** [What Impact Means to Us](#)

Elevating Impact Discussions, Rather Than Providing Decision-Making Precision.

While the allure of scores and quantitative analysis is appealing for data-focused investors, many observed that aggregate numbers often concealed too much, were sometimes based on low-quality data, and failed to optimize for portfolio diversity. Interviewees perceived the primary value of the tool in shaping the vocabulary to define what is collectively valued by the fund or portfolio and utilizing that vocabulary to facilitate meaningful discussions.



"We've learned that despite the comprehensiveness of our impact rating tool, it will never answer every impact-related question we have. In the same way that underwriters will have a standard set of financial diligence questions but have unique inquiries for many projects, impact diligence must be standardized yet tailored to each deal. Rather than being a shortcoming of our approach, we've seen that the tool leads us to new impact-related questions we wouldn't likely have asked before – strengthening our ability to use impact measurement to inform investment decisions." **Broadstreet Impact Services'** [Impact Measurement to Management: Broadstreet's Impact Rating Tool](#)

Broadstreet Impact: Impact Heat Map Snapshot

WHO: % Score Earned	WHAT: % score earned	HOW MUCH: % score earned	CONTRIBUTOR: % score earned	RISK: % score earned	% Total Score Earned
85.00%	60.00%	87.50%	66.70%	100.00%	83%
100.00%	80.00%	58.30%	83.30%	100.00%	79%
55.00%	80.00%	75.00%	66.70%	100.00%	75%
83.30%	50.00%	76.00%	41.70%	87.50%	71%
77.00%	20.00%	71.90%	66.70%	87.50%	70%
84.70%	60.00%	66.70%	33.30%	100.00%	70%
51.00%	80.00%	67.70%	66.70%	100.00%	70%
83.30%	16.70%	77.10%	16.70%	87.50%	66%
80.60%	50.00%	59.40%	33.30%	100.00%	66%
91.70%	33.30%	72.60%	16.70%	87.50%	64%

Broadstreet Impact created this visual of the impact dimensions and overall scores for each of their investments, helping them to identify trends, questions, and areas for improvement within their tool. The data are actual, but anonymized, and represent their large New Markets Tax Credit investments over several years. Excerpted from: [From Impact Measurement to Management: Broadstreet's Impact Rating Tool](#), p. 5.

Right-Sizing for Use and Effort:

There is no one-size-fits-all solution; each investor must tailor their effort in developing and refining a tool to meet their unique needs. The following factors often influence investors' efforts and uses of the tool:

- **Impact Orientation:** *How committed is this investor to making impact-informed due diligence decisions?*
- **Stakeholders:** *Who are the stakeholders overseeing and influencing the investor, and what are their demands and expectations regarding IMM and results? Who are the stakeholders that the investor is using capital to affect, and how diverse are their needs? Can those needs be considered as the scoring and weights are developed? How might they evolve over time?*
- **Team Capacity:** *Does the investor have a dedicated team or team members focused on impact? Is there substantial staff turnover, making it necessary for knowledge and practices to be easily transferred to new team members? How much time can the investor allocate to related change management, communications, and infrastructure efforts?*
- **Volume of Deals, Decision-Makers, Data:** *Does the investor make fewer than ten deals per year or more than 100? Are they making many small bets or just a few large ones? Are there multiple decision-makers involved in any investment, often necessitating more streamlining, or is it confined to a small team? Are there enough transactions and/or transactions within the same sector to render quantitative data and analysis meaningful?*
- **Data Availability and Quality:** *To what degree will meaningful and high-quality impact data be available from potential investees?*

Investment in Time and Systems:

Interviewees warned others not to underestimate the investment in infrastructure, IT systems, budget, and capabilities needed to fulfill the promises of impact ratings and integrated impact-financial analysis.

Calvert Impact Capital shared that developing a new tool is not just about creation; it involves changing the way the company underwrites and invests. While implementation of the Impact Scorecard did not revolutionize the way Calvert Impact invested, it did materially affect the due diligence process itself by embedding consistency and a new level of rigor in impact diligence across all transactions. This shift required additional time and effort from both Calvert Impact staff and portfolio partners, as it demanded deeper engagement with impact-related questions. However, both parties recognized this as a positive evolution: it strengthened Calvert Impact's ability to make impact-informed investment decisions and often helped portfolio partners better prepare for other investors' diligence processes.

Ultimately, we observed investors developing an impact rating tool using a phased approach—some advancing to the next phases, while others settled into a phase where they identified the best balance of value for effort. Regardless of the phase, investors experienced meaningful, accumulating benefits throughout the investment lifecycle.

Impact Ratings: Activities & Benefits Across Three Phases of Development

Where do investors begin?

Most organizations entered the Impact Frontiers training with a general impact thesis established. Some were already utilizing a simple impact scorecard—often a checklist of broad impact alignment factors—while others had effective negative screening processes but lacked a method for positively screening for impact.

Creating an impact rating system that translates multiple dimensions of impact into a more quantitative format required significantly more effort. However, organizations were motivated to take on this challenge for various reasons: to professionalize their impact management, meet high credibility standards (for both internal and external stakeholders), mitigate reputation risk, ensure consistent impact consideration across their portfolios, and assist Investment Committees (IC) in making mission-aligned decisions.

Despite differences in goals, time, and effort devoted to development, testing, and implementation, we noticed clear patterns in the activities carried out at each stage and the resulting benefits, both for due diligence and beyond.

The Impact Ratings Activities and Benefits table below summarizes the key activities most frequently undertaken at each of the **three phases of development** and their corresponding benefits expressed by the funds:

Entry-Point Benefits Typically occurring within the first 6 to 12 months of developing the impact rating.	Mid-Point Benefits Typically occurring in the second year of applying the impact rating.	Advanced Benefits Typically occurring in years 3 to 5 of leveraging the impact rating.
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We also break down the benefits based on their position in the investment cycle, which we categorize as: General Strategy; Pipeline, Screening, & Deal Selection; Due Diligence; Governance and Operations; Deal and Portfolio Management.

Following the table, we elaborate on each benefit, incorporating examples and insights from our research and interviews.

Entry Point: <i>First 6-12 months of impact rating development</i>	Mid-Point <i>Year 2 of applying impact rating</i>	Advanced <i>Years 3-5 of leveraging impact rating</i>
KEY ACTIVITIES AT EACH PHASE OF DEVELOPMENT		
<p>Aligning on impact goals using the Five Dimensions of Impact. Developing an impact rating system for a specific impact vertical or fund, including:</p> <ul style="list-style-type: none"> Selecting key metrics Drafting scoring guidelines Exploring prioritization across impact dimensions <p>Socializing the draft rating to gather input and refine priorities. Piloting the rating system with new investments. Enhancing impact analysis included in IC memos.</p>	<p><i>Entry Point</i> activities, plus:</p> <p>Formalizing the process by consistently applying the impact rating to all new investments. Improving internal validity by benchmarking results, back-rating past investments, and capturing real-world variations in impact. Boosting confidence in the tool’s reliability by testing across diverse investments. Building a dataset to enable extraction of insights.</p>	<p><i>Entry & Mid-Point</i> activities, plus:</p> <p>Establishing a streamlined system of deal and portfolio-level impact management. Utilizing data-driven dashboards to provide regular insights on impact performance across the portfolio. Developing a dynamic impact weighting system to enable adjustment of impact scores over time based on actual performance, sector trends, or updated strategic priorities. Incentivizing impact by tying fund manager compensation or carried interest to achieving measurable impact outcomes.</p>
GENERAL STRATEGIC BENEFITS		
<p>Establishing a shared impact language within and across teams Moving from ‘everything is impact’ to clear priorities Defining ‘investor contribution’ for the organization Guiding conversations with LPs</p>	<p>Aligning risk tolerance with impact goals Identifying characteristics of high-impact projects</p>	<p>Optimizing performance with impact-financial returns modeling Evaluating alignment of portfolio investments with impact thesis</p>
PIPELINE, SCREENING & DEAL SELECTION BENEFITS		
<p>Improved deal origination More efficient portfolio placement Identifying “early” deals to follow</p>	<p>More impact-aligned – and higher quality – deals in the pipeline Prioritizing deals with a pre-rating system</p>	<p>-</p>
DUE DILIGENCE BENEFITS		
<p>Sharper diligence questions on impact potential Meaningful impact differentiation across investments Identifying opportunities to increase impact for individual deals</p>	<p>Comparing deals against internal impact benchmarks Strengthening impact potential through diligence and deal structuring Strategically managing trade-offs between impact priorities</p>	<p>Applying an impact hurdle-rate for potential investments Enhanced investment comparisons through more precise benchmarks</p>
GOVERNANCE AND OPERATIONS BENEFITS		
<p>Elevated Investment Committee discussions on impact</p>	<p>Strengthening investees’ accountability to impact</p>	<p>Validating impact performance and strengthening credibility Assessing impact of investor contribution efforts Aligning staff incentives with measurable impact</p>
DEAL AND PORTFOLIO MANAGEMENT BENEFITS		
<p>Standardizing comparisons across asset classes</p>	<p>Targeted and proactive impact management Shifting the portfolio toward stronger impact alignment Adjusting capital deployment to fill portfolio impact gaps Identifying opportunities for strategic support to bolster portfolio impact Identifying opportunities for strategic field-building support efforts</p>	<p>Testing and refining portfolio-wide decision rules for ongoing optimization</p>

Entry Point BENEFITS

Organizations found that using the Five Dimensions of Impact to build a structured rating system helped establish a shared vocabulary—shifting impact from implicit to explicit—and significantly improved internal alignment.

Early Wins in Impact Rating Development

The first **6 to 12 months** of impact rating development typically focus on due diligence; however, even at this early stage, the benefits extend beyond screening. A small internal team usually leads this process, gradually introducing it to the broader organization.

Key Entry Point ACTIVITIES:

- **Aligning on impact goals** using the *Five Dimensions of Impact*.
- **Developing an impact rating system** for a specific impact vertical or fund, including:
 - Selecting **key metrics**
 - Drafting **scoring guidelines**
 - Exploring **prioritization** across impact dimensions
- **Socializing the draft** rating to gather input and refine priorities.
- **Piloting the rating** system with new investments.
- **Enhancing impact analysis** included in Investment Committee memos.

THE FIVE DIMENSIONS OF IMPACT

Of the Five Dimensions of Impact, three focus on the investee's impact (**What, Who, How Much**), one addresses **Impact Risk**, and one pertains to the investor's unique role (**Investor Contribution**). The latter evaluates whether an investor's involvement significantly enhances impact beyond what would have occurred otherwise. - Impact Frontiers, [Norms: Five Dimensions of Impact](#)

Key BENEFITS from Entry Point Activities:

ENTRY POINT: STRATEGIC BENEFITS

Establishing a Shared Impact Language Within and Across Teams

Our interviewees reported that, before developing an impact rating, definitions of impact were often inconsistent both within and across teams. The organizations found that leveraging the Five Dimensions of Impact to develop a structured rating system helped establish a common vocabulary, moving impact from "implicit" to "explicit," and dramatically improving internal alignment.

Builders Fund reported that transitioning from conceptualizing the tool to implementing it—and sharing results—has fostered more conversation, engagement, and long-term buy-in among the team regarding impact.

Moving from ‘Everything is Impact’ to Clear Priorities

Without explicit impact parameters, nearly any investment can be justified as impactful, including those with questionable alignment. Establishing a standard set of questions and measures in an impact rating helped teams come together around a defined set of shared values and priorities.

Salkantay Ventures reported that its impact rating has helped establish clearer boundaries around what genuinely aligns with their mission.

Defining Investor Contribution for the Organization

Many investors recognized that investor contribution—the role their capital plays in driving impact—was critical yet previously undefined in their investment thesis. In particular, catalytic funders found this dimension to be a core component of their impact rating systems.

Open Road Impact, which provides timely loans to impact enterprises facing funding delays, noted that defining investor contribution helped them articulate why their capital matters and quantify it for potential deals.

”

“At Calvert Impact Capital, we view our Impact Scorecard as an essential tool in our work as an impact investor—one that consistently evaluates the ‘three legs of the stool’ in every transaction: impact, risk, and return. The Scorecard has brought rigor and consistency to our impact due diligence, while also enabling us to assess our portfolio’s impact across multiple dimensions, including our contribution to both borrowers and the broader market.

Any impact investor not asking, ‘What can I learn about my contribution versus other impact factors?’ is missing a critical opportunity. Ultimately, it comes down to your theory of change and your position in the market. The Impact Scorecard helps us explore those questions in depth for every investment we make.” – **Calvert Impact Capital**

Guiding Conversations with LPs

Having clear documentation of impact priorities and metrics, along with the system by which they will be applied, can assist impact investors in articulating their impact commitment and credible processes to both existing and prospective LPs.

Builders Fund reported that its Impact Prioritization Rating tool has provided a helpful framework for discussions with current and potential LPs regarding the organization's impact.

ENTRY POINT: PIPELINE, SCREENING & DEAL SELECTION BENEFITS

Improved Deal Origination

Even before an impact rating is codified and consistently applied, the early discussions on impact priorities have led deal teams to filter out misaligned deals before they enter due diligence.

” *“Knowing which impact factors matter most has led deal leads to avoid bringing in deals that don’t meet our expectations.”* — **Open Road Impact**

Increasing the Efficiency of Portfolio Placement

For **Anthos Fund & Asset Management**, which has both Responsible Investing and Impact Investing teams, the addition of the impact rating tool provided an opportunity to streamline and optimize investment allocation between teams. Anthos created a decision tree: first, apply its existing ESG (Environmental, Social, and Governance) scorecard to an investment opportunity. If it scores above a certain classification (“professional” or “leader”), then confirm its intention of creating positive impact outcomes and move it to consideration for the impact investing portfolio (where it will be scored with an impact rating tool). Those investment opportunities identified through the ESG scorecard as more aligned with the responsible investing portfolio will be moved for consideration to that team.

Identifying “Early” Deals to Follow

While **Builders Fund** applies its Impact Prioritization Tool to pipeline deals to help prioritize which to pursue, the tool also allows the team to identify deals that might be too early (based on the Fund’s financial criteria) but are anticipated to deliver high impact. Recognizing such deals in the pipeline enables the team to monitor those businesses as they grow toward Builders Fund’s target size and scale.

ENTRY POINT: DUE DILIGENCE BENEFITS

Crafting Sharper Impact-Related Diligence Questions

Establishing impact priorities helps teams pinpoint specific data gaps as they review diligence materials, helping guide their inquiries to those potential investees.

Seeing Meaningful Impact Differentiation Across Investments

Without a structured approach, impact assessments often yielded generic alignment scores that clustered around the mean. By employing the Five Dimensions of Impact, investors started to observe clearer distinctions between the relative impact potential of different investment opportunities.

” *“The process of developing and applying an impact rating tool has added significant discipline to our thinking about the way an investment can be more impactful than another.”* — **Salkantay Ventures**

Identifying Opportunities to Increase Impact for Individual Deals

Clarity on the specific impact strengths and weaknesses of any particular deal provides investors with the opportunity to use their resources – including technical assistance and grants – to target specific impact concerns or opportunities.

ENTRY POINT: GOVERNANCE & OPERATIONS BENEFITS

Elevating Investment Committee Discussions on Impact

While Investment Committee (IC) discussions on impact were previously characterized as “hypothetical” and “purely qualitative,” most organizations discovered that integrating an analysis based on impact ratings into IC memos resulted in more disciplined and thorough impact discussions, thereby enhancing the importance of impact at this level.

” *“The impact rating tool took our IC discussions to a new level, ensuring that impact considerations were as disciplined as financial ones.”* — **Rhia Ventures**

ENTRY POINT: DEAL & PORTFOLIO MANAGEMENT BENEFITS

Standardizing Comparisons Across Asset Classes

Despite initial skepticism about the ability to “compare apples and oranges,” many investors found that structured impact ratings allowed for meaningful comparisons—even between diverse sectors and asset classes.

” *“Our rating system helps us normalize impact assessments across asset classes, allowing us to remain asset class-agnostic in our evaluations.”* — **Anthos Fund & Asset Management**

Entry point benefits come quickly. Even in the early stages of developing an impact rating system, organizations report experiencing immediate advantages, from improved screening and diligence to enhanced internal alignment. While full integration of the system takes time, the clarity, structure, and shared language established by even a newly developed and imperfect impact rating system significantly improve the ability to evaluate, compare, and prioritize investments with impact considerations in mind.

Mid-Point BENEFITS

Consistent Application & Emerging Insights

The shift to “mid-point” marks a key transition from early-stage experimentation to a more structured, data-driven impact assessment process.

As organizations progress beyond their first year of implementing an impact rating system, they reach a stage where the tool is consistently applied to new investments, even as refinements to metrics or weighting continue. By this point, they have evaluated enough investments, including new and back-rated ones, to begin drawing meaningful insights from their data, allowing for benchmarking, pattern recognition, and comparative analysis.

At this stage, organizations move beyond initial implementation to leverage their expanding dataset, refining their approach based on actual investment outcomes. This shift marks a key transition from early-stage experimentation to a more structured, data-driven impact assessment process.

Key Mid-Point ACTIVITIES:

Building on Entry Point Activities, PLUS:

- **Formalizing the process** by consistently applying the impact rating to all new investments.
- **Improving internal validity** by benchmarking results, back-rating past investments, and capturing real-world variations in impact.
- **Boosting confidence** in the tool’s reliability by testing across diverse investments.
- **Building a dataset** to enable extraction of insights.

Key BENEFITS from Mid-Point Activities:

MID- POINT: STRATEGIC BENEFITS

Identifying Characteristics of High Impact Projects

The application of common impact indicators to each deal can enable investors to start identifying which impact characteristics occur most frequently among the investments they consider highest impact. For example, an investor may observe that the highest impact projects tend to achieve high scores on an indicator measuring the level of community engagement in project development, and can therefore begin to ask more community engagement questions of pipeline deals (while continuing to interrogate the correlation).

MID- POINT: SCREENING & DEAL SELECTION BENEFITS

Seeing More Impact-Aligned – and Higher Quality – Deals in the Pipeline

As deal teams gain a deeper understanding of impact scoring, they not only identify more impact-aligned opportunities but also enhance the quality of deals entering the pipeline. With clearer insight into the factors that influence scores, they incorporate these considerations earlier in the origination process, ensuring stronger alignment before due diligence even begins.

” “Now that we’re scoring deals, all of our scores are going up.”
— **British International Investment**

Prioritizing Deals through a Pre-Rating System

Some investors utilize a streamlined pre-rating tool that incorporates a subset of essential impact factors to help prioritize high-potential deals early in the pipeline.

Broadstreet applies a pre-rating for initial insight into if and how deals align with their allocation strategy. If there are multiple deals in the pipeline, the pre-rating can help prioritize the order in which deals move up for additional screening and initial diligence.

Salkantay Ventures & Open Road Impact use a similar approach to quickly eliminate deals that clearly do not meet their impact criteria, streamlining the process.

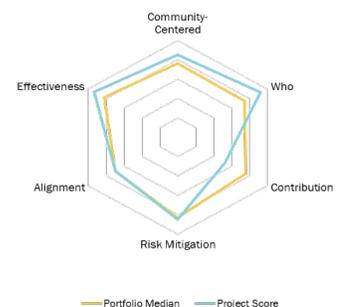
MID- POINT: DUE DILIGENCE BENEFITS

Comparing Deals Against Internal Impact Benchmarks

Organizations with a growing dataset of impact scores can benchmark new deals against similar project types, providing a data-driven comparison framework to consider during diligence.

LISC has developed sector-specific benchmarks—such as for housing, education, and healthcare—and uses them to evaluate the relative impact potential of prospective investments. By comparing opportunities against these tailored benchmarks, LISC can more effectively assess which investments are likely to deliver the greatest impact within each sector.

Example LISC Impact Matrix radar chart



Comparison of a project’s score to the relevant portfolio’s median score by dimension.

In each IC memo, **Builders' Vision** includes a graph showing the portfolio's current positioning on impact and financial risk/return. The visual helps the IC assess how a new investment aligns with the portfolio overall.

Strengthening Impact Potential Through Diligence & Deal Structuring

Some investors use their impact rating tools to identify specific ways to strengthen the potential impact of deals before finalizing them

In certain instances, **Calvert Impact Capital** may negotiate additional impact reporting obligations with a portfolio partner. These requirements may be formalized in a side letter or other closing documentation. Such provisions are typically designed to mitigate impact risks, highlight areas requiring closer monitoring, or formalize reporting expectations when they are not already embedded in the core closing documentation.

Strategically Managing Trade-Offs Between Impact Priorities

With clarity about the organization's priorities across the dimensions of impact, investors can begin to identify patterns of trade-offs between those dimensions. Recognizing these trade-offs enables investors to be more strategic in deciding which ones they are willing to make, and when.

LISC illustrates a common trade-off between impact goals frequently encountered in its portfolio—one that becomes more visible and manageable through the use of its Impact Matrix:

"A loan to an emerging developer for their first development project, for instance, will likely score highly on "Contribution," since LISC is likely taking a risk that other lenders may not take. It will lose points, however, in "Risk Mitigation," since there is a greater risk that a loan to an early-stage borrower will not achieve the impact on-time and on-budget as they build their expertise."

[The Anatomy of Lending Outcomes: What We've Learned from the LISC Impact Matrix, One Year In](#)

Within **Calvert Impact Capital's** Community Investment Note® portfolio, a natural and expected tension exists between two key dimensions: Portfolio Impact (often referred to as Investor Contribution) and Community Impact (which reflects the borrower's direct impact and associated risk). Rather than viewing this tension as a drawback, Calvert Impact embraces it as a strategic feature of its diversified portfolio approach—one that spans the full maturity spectrum of funds and other portfolio partners, from emerging to growth-stage to mature portfolio partners with scaled impact solutions.

MID- POINT: GOVERNANCE & OPERATIONS BENEFITS

Strengthening Investees' Accountability to Impact

Some investors are embedding specific impact commitments into investment contracts to hold investees accountable for long-term social and environmental performance.

TELUS Global Ventures Pollinator Fund includes reporting against impact metrics in side letters or investment agreements; others reported including impact commitments related to specific low-scoring impact dimensions in side letters.

Facilitating More Targeted and Proactive Impact Management

Some investors are leveraging **impact scorecards during management to identify key impact risks and concerns** and proactively address them with those investees.

Beyond annual monitoring of portfolio partner outputs and outcomes, **Calvert Impact Capital** re-applies the Impact Scorecard to a subset of active deals—specifically those with the highest exposure in the portfolio. The IMM team and the relevant investment officer jointly review and re-score the top 10 exposures annually, incorporating updated impact data and assessing progress toward stated impact goals.

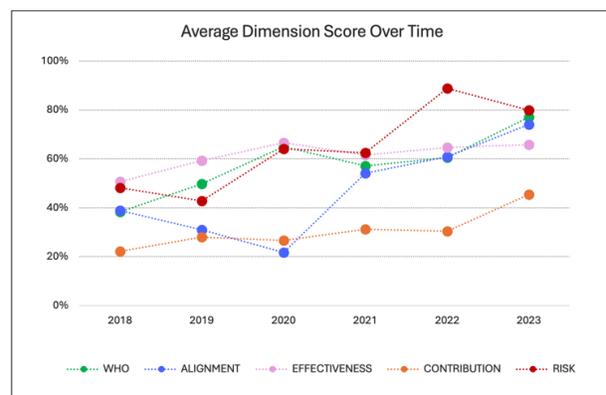
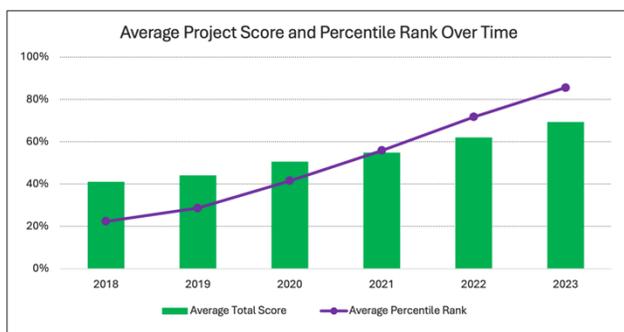
Anthos Fund & Asset Management engages with investees on the IMPact scorecard dimensions every year, explicitly for the impact portfolios, identifying areas where the investee could increase ratings and providing guidance on doing so.

Shifting the Portfolio Toward Strong Impact Alignment

Some investors map out impact rating scores for all portfolio investments to better understand the strengths and weaknesses of their portfolio, using this information to more effectively align their investment strategy with their mission.

Broadstreet found that the most significant benefit of their tool was not the individual scores, but rather how the development and refinement process – in partnership with the investment team – helped them reach consensus on what “good” explicitly means for their impact investments. With this shared language and prioritization, Broadstreet saw a notable shift: 98% of all new investments receive ratings above the median impact rating of the existing portfolio.

Impact Ratings of Broadstreet's Investments Over Time



Changes in average impact rating and dimension scores for Broadstreet Impact's NMTC portfolio over time, showing a notable increase in average impact scores. Provided by Broadstreet Impact.

Adjusting Capital Deployment to Fill Portfolio Impact Gaps

Impact rating dimensions and related indicators help investors analyze specific gaps in their portfolios and strategically allocate remaining capital to areas or dimensions where their portfolio has deficiencies.

Social Finance uses its impact rating tool to support portfolio construction by ensuring each investment has a compelling and credible impact thesis. The tool's multi-dimensional framework helps identify imbalances across the portfolio and guides efforts to maintain a diverse mix of impact strategies.

Identifying Opportunities for Strategic Support to Bolster Portfolio Impact

While many investors begin to identify specific opportunities for additional support for individual investments during the early stages of impact rating development and usage, by the mid-point they have gathered sufficient data to start recognizing patterns of needed support across investments. By identifying these patterns, investors can adopt a more strategic approach in developing and deploying common support offerings across their portfolio.

Identifying Opportunities for Strategic Field-Building Efforts

As investors develop strategic supports to enhance impact across their portfolio, they may realize that a particular support could address a need that exists more broadly outside their portfolio as well.

TELUS Global Ventures Pollinator Fund noticed that even founders with strong impact mandates often failed to clearly communicate them in pitch decks. To address this common gap among early-stage companies, TELUS developed a framework to help founders articulate their impact intent in a way that aligns with the impact diligence process. Recognizing its broader value, the Fund made the [Pollinator Impact Navigation Tool](#) publicly available to support both founders and the wider investment community.

As organizations scale their use of impact ratings and engage in **Mid-Point Activities**, they see tangible shifts in deal flow, diligence rigor, and portfolio composition. These tools evolve from simple assessment frameworks into strategic drivers that influence how capital is allocated, ensuring that investments are more impact-aligned, risk-adjusted, and performance-driven.

Advanced BENEFITS

Advanced benefits tend to be most significant for organizations with certain characteristics—such as those making a high volume of investments annually, those with greater staff capacity, and those operating under strong, mission-driven impact mandates.

Deeper Insights Driving Portfolio Optimization

Advanced benefits from impact ratings typically emerge after two to five years of consistent use and full integration into the investment process. While investors start to see patterns emerge at the Mid-Point that open the door to strategic responses, at the Advanced stage, investors have enough data to evaluate these responses and continue optimizing them for impact and financial return. These benefits tend to be most significant for organizations with certain characteristics—such as those making a high volume of investments annually, those with greater staff capacity, and those operating under strong, mission-driven impact mandates. Over time, these organizations seem to gain the most value from their impact rating systems as they refine decision-making, enhance portfolio alignment, and strengthen long-term impact performance.

Once an impact rating system is fully integrated into decision-making and portfolio management, funds can enhance their impact measurement and management (IMM) practices through more sophisticated strategies. A more limited number of organizations are deeply engaged in these advanced practices, but several are experimenting with various approaches. Below are common advanced activities that extend beyond entry and mid-point implementation:

Key Advanced Point ACTIVITIES:

Building on Entry Point and Mid-Level Activities, PLUS:

- **Establishing** a streamlined system of deal and portfolio-level impact management.
- **Utilizing** data-driven dashboards to provide regular insights on impact performance across the portfolio.
- **Developing** a dynamic impact weighting system to enable adjustment of impact scores over time based on actual performance, sector trends, or updated strategic priorities.
- **Incentivizing** impact by tying fund manager compensation or carried interest to achieving measurable impact outcomes.

Key BENEFITS from Advanced Activities:

ADVANCED: STRATEGIC BENEFITS

Optimizing Performance with Impact-Financial Returns Modeling

By quantifying the relationship between impact and financial performance, investors can incorporate impact into their return expectations. This integration enables fund managers to devise strategies that optimize for impact, financial returns, or a blend of both, depending on their investment objectives.

One investor gathered enough data to examine correlations between dimensions of impact and financial return, categorized by the maturity level of the investment. The investor anticipated observing negative correlations for earlier-stage investments, but expected these trade-offs to largely disappear in their mature investments. However, the data revealed negative correlations across all three levels of investment maturity, prompting the investor to revise their investment strategy for mature investments.

Aligning Financial Risk Tolerance with Impact Goals

Some investors discover that analyzing impact scores throughout their portfolio exposes a misalignment between impact goals and tolerance for financial risk—offering a chance for strategic adjustments.

One investor realized that a conservative approach to financial risk was restricting their intended impact, leading them to reconsider future fund structures to better align their investments with their mission.

Evaluating Alignment of Portfolio Investments with Impact Thesis

With a robust set of data on the potential and actual impact of investments across the portfolio, investors can begin to evaluate how well their investments are contributing to the fund's impact goals and aligning with the investor's overall impact thesis. If the analysis reveals misalignment or limited progress toward impact goals, the investor can utilize the data to inform modifications in strategy or operations.

”As part of the annual supervision exercise that integrates both financial and impact performance, the DELTA Project Score is updated to reflect actual performance toward achieving impact targets set in the results matrix. Changes in project DELTA scores are factored into the overall tracking of portfolio-level progress toward delivering development outcomes.” - **IDB Invest**, in [Impact Management Framework](#)

ADVANCED: DUE DILIGENCE BENEFITS

Applying an Impact Hurdle Rate for Each Potential Deal

With sufficient historical data, investors can start to identify a correlation between impact rating scores at diligence and either the investment decision or the investment impact performance over time. By utilizing that data, investors can establish a hurdle rate for a deal's impact rating score at diligence, only progressing discussions with those who achieve a score above the hurdle.

Enhancing Investment Comparisons Through More Precise Benchmarks

At the Mid-Point, investors can start comparing new investments to broad benchmarks within the portfolio (e.g., all housing-related investments or all climate-related investments). However, the more comprehensive dataset available at Advanced stages enables even greater precision in these comparisons (e.g., housing-related investments in a specific geography or climate-related hardware investments).

ADVANCED: GOVERNANCE & OPERATIONS BENEFITS

Validating Impact Performance and Strengthening Credibility

Having a robust impact rating system in place is a significant step for investors toward achieving the expectations for external validation of impact practices per [Operating Principles for Impact Management](#) thus validating the investor's impact performance and strengthening their credibility.

Assessing the Impact of Investor Contribution Efforts

For investors who actively engage with their investees to improve impact practices through ownership, governance influence, or technical assistance, the Advanced stage provides an opportunity to analyze the relationship between this engagement and the actual impact performance of their investments. One investor dedicated substantial resources to providing technical assistance for investees, but upon review, found that it did not significantly improve performance. This insight allowed the investor to refine their contribution strategy.

Aligning Staff Incentives with Measurable Impact

Leveraging trusted data from impact ratings and impact management systems, some investors have tested tying fund manager compensation or carried interest to the achievement of measurable impact outcomes.

British International Investment has incorporated both impact and financial performance into [staff remuneration](#), holding both elements as equally important.

In [Impact Linked Compensation: Considerations, Design Options and Frameworks](#), Aunnie Patton Power et al share the experience of, and tips for, GPs and LPs in executing impact-linked compensation.

ADVANCED: DEAL & PORTFOLIO MANAGEMENT BENEFITS

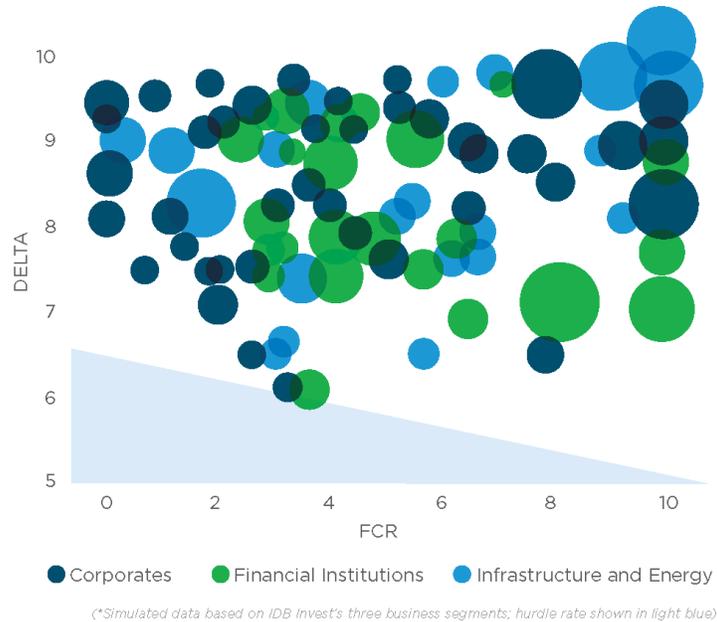
Testing and Refining Portfolio-Wide Decision Rules for Ongoing Optimization

Investors can use the timely, dynamic data and insights from their impact-financial integration to develop, apply and test new goals and rules to continuously optimize impact and financial performance.

”Proposed investments need to meet certain impact and financial contribution rating thresholds in order to advance. These ‘hurdle rates’ are on a sliding scale, with decreasing financial contribution requirements for highly impactful projects. In this way, we are purposefully building a balanced portfolio across the two dimensions.”

- **IDB Invest**, in [Impact Management Framework](#)

IDB Invest: Integrated Scatterplot & Hurdle Rate



Portfolio 2.0: Impact Rating (DELTA) vs. Financial Contribution Rating (FCR)

A simulation of IDB Invest's hurdle rate, in light blue, showing decreasing financial requirements for higher impact projects. Excerpted from [Managing a Portfolio for Impact: IDB Invest's Impact Management Framework](#), p.10

By implementing these **Advanced impact management activities**, investors can enhance strategic decision-making, refine portfolio selection, improve due diligence, strengthen governance, and optimize impact outcomes across their portfolios. These activities ensure that impact is not only measured but actively managed, leading to stronger accountability, credibility, and long-term value creation.

Impact Ratings: Fund Profiles

During our interviews and trainings, many indicated that seeing the impact ratings of other investors would aid their own rating journeys. Recognizing that few investors were willing or able to share their full ratings, we created summary profiles for several of the investors we interviewed. These profiles offer insight into how various investors develop and use the tool. The table below outlines key characteristics of each investor profiled, helping readers find relevant examples for their own funds.

Investor	Year Founded	Capital Type	Strategy	Financial Return Goal	Industries	AUM (USD\$)	# Investments
ANTHOS FUND & ASSET MANAGEMENT	1929	Multiple	Indirect	Market-Rate	Many	Not reported	Not reported
BROADSTREET IMPACT SERVICES <i>NMTC Portfolio</i>	2004	Debt	Direct	Concessionary	Community Development	>\$500M	144
THE BUILDERS FUND	2015	Equity	Direct	Market-Rate	Many	\$171M	11
BUILDERS VISION <i>Catalytic Capital Portfolio</i>	2012	Multiple	Direct & Indirect	Varies	Many	Not reported	90 <i>(Catalytic Capital Portfolio)</i>
CALVERT IMPACT CAPITAL <i>Community Investment Note® Portfolio</i>	1995	Debt	Indirect	"Risk-adjusted market rate"	Many	\$500M <i>(Community Investment Note® portfolio)</i>	100
COFRA <i>(see Anthos profile)</i>	2001	Multiple	Direct & Indirect	Market-Rate	Many	Not reported	Not reported
LISC	1979	Debt	Direct	Concessionary	Economic Growth	\$555M <i>(loan portfolio, as of Dec. 2022)</i>	413
OPEN ROAD IMPACT	2012	Debt	Direct	Concessionary	Many	\$20M	150 <i>(since 2018 transition to loans)</i>
RH CAPITAL, A RHIA VENTURES FUND	2020	Equity	Direct	Market-Rate	Reproductive & Maternal Health	Not reported	24
SALKANTAY VENTURES	2020	Equity	Direct	Market-Rate	Technology (cross-cutting)	\$26M	23
SOCIAL FINANCE <i>Impact First Fund</i>	2011	Multiple	Indirect	Varies	Many	\$20M <i>(Impact First Fund, since 2023)</i>	3
TELUS GLOBAL VENTURES POLLINATOR FUND	2020	Equity	Direct	Market-Rate	Many	CAD\$ 100M	26 <i>(as of Dec. 2022)</i>

Both British International Investment and IDB Invest have published extensively about their impact ratings and integrated impact-financial management systems, so we did not feel that a short profile would be additive to what is already available. See the following to learn more:

British International Investment:

- [What Impact Means to Us](#) (main impact webpage)
- [Impact Dashboard](#): an outline of their impact expectations across the dimensions of impact, including linkages to the SDGs.
- [Managing the impact of our portfolio: Our Impact Score](#): webpage to learn more about BII's Impact Score, linking to publications about the [Impact Score's design](#) and BII's [2022-26 strategy](#).

IDB Invest:

- [Development Impact](#) (main impact webpage)
- [Impact Management Framework](#): webpage to learn more about IDB Invest's impact measurement and management framework, including their DELTA tool (Development Effectiveness, Learning, Tracking, Assessment tool) and a link to their detailed report, [IDB Invest's Impact Management Framework: Managing a Portfolio for Impact](#).

ANTHOS Fund & Asset Management and COFRA

This profile illustrates how the Impact Frontiers tools can be used to establish high-level ambitions (COFRA) and to incorporate impact considerations throughout an investment cycle (Anthos). It also shows how using the same tool in both instances helps create a streamlined feedback mechanism for continuously improving impact strategy.

COFRA is a privately held group of companies operating in various business sectors, including asset management (Anthos Fund & Asset Management), private equity (Bregal), apparel retail (C&A), real estate investments (Redevco), renewable energy (Sunrock), and sustainable food (Dalsem, Ontario Plants Propagation). Each business embodies a spirit of engaged entrepreneurship while striving to be a “force for good” in the world. COFRA collaborates closely with the businesses to establish and deliver a consistent sustainable impact ambition and an approach to impact management and measurement across the group.

Anthos Fund & Asset Management (Anthos) provides comprehensive values-based asset management and investment advisory services to clients. Anthos implements its asset management strategies across various asset classes, aiming to achieve financial outperformance and a positive impact. Anthos features both a Responsible Investment (RI) team that focuses on strategy and an Impact Investing team responsible for managing the impact portfolios.

Founded: Anthos - 1929

Impact Frontiers Training: 2022

Capital Type: Multiple

Strategy:

COFRA: Direct and indirect

Anthos: Indirect

Financial Return Goal: Market-rate

Industries: Many

AUM: Not reported

Investments: Not reported

cofraholding.com

anthosam.com

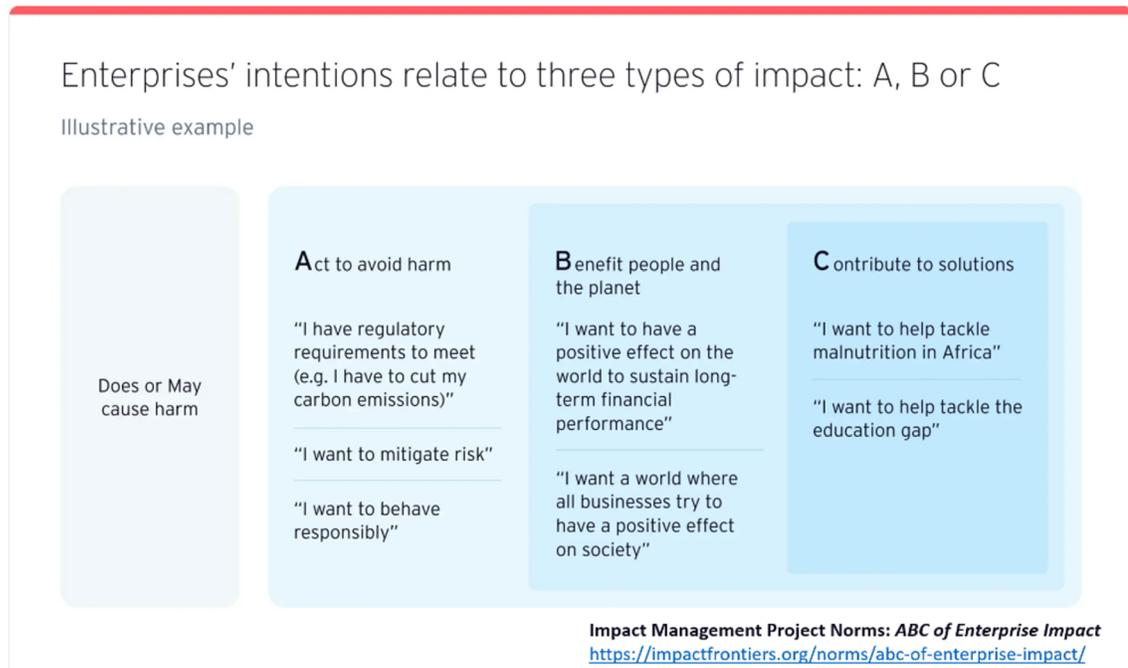
IMPACT RATING NOTABLES

COFRA: Setting up the Group's impact ambition

- **Clarifying an impact intention across holdings.** Across generations, COFRA has aspired to leverage the power of business to do good, and even before joining Impact Frontiers, it had taken a more strategic role with its companies to better align ambitions for impact. This endeavor was challenging given the diversity of its assets and each asset's own definition of “doing good.” Defining rating frameworks across its asset classes helped COFRA clarify its impact intentions and assess the extent to which its asset distribution was aligned with those intentions.
- **Right-sizing for role.** COFRA leverages the ABC framework. Given COFRA's evolving role with its portfolio companies and assets, the firm determined that using the [“ABC of Enterprise Impact” framework](#) to manage current investments and assess potential ones – as opposed to developing an impact rating tool — provided the best value. Staff conducted an initial impact mapping across all platforms, including its investment businesses, which revealed that there were more “A: Act to avoid harm” holdings – compared to “Does or may cause harm” holdings — than they had realized, which was a positive start. This mapping became a baseline that enabled the COFRA implemented

... continued:

transition plans to determine where they could drive As to Bs or Cs over time, based on asset class, risk/return profiles, and impact ambition; COFRA also established new acquisition criteria (for its own investments) requiring that all new businesses should have B or C potential, even if not at that stage at the time of acquisition.



Anthos: Embedding impact tools in the investment cycle

- **Creating an “asset class agnostic” framework to enable contributions from each asset class team toward the firm’s larger impact ambitions.** COFRA and Anthos collaborated on developing and testing an impact rating based on the IMP Framework by translating it for a fund of funds perspective. They assessed each fund against the framework, learning how to implement it across asset classes to normalize and be “asset class agnostic” based on clear criteria. This effort, combined with the existing RI scorecard assessing the quality of ESG integration at the managers’ level, provided insight and transparency into the full spectrum of assets under management across the types of funds in which Anthos invests—especially given that, at the time, there was no Sustainable Finance Disclosure Regulation (SFDR) to apply. Moving forward, Anthos is integrating asset class nuances into the framework.
- **Optimizing the application of ESG and impact rating tools across Anthos’ diverse set of assets.** Anthos reported that when it began initial analysis with its ESG scorecard and Impact Rating tool, it realized there was sometimes an inverse correlation between ESG and impact scoring within its portfolio, particularly in the smaller impact funds in Emerging Markets. Eventually, to streamline and optimize the use of the tools between the RI and Impact teams, Anthos developed a decision tree: first applying the ESG scorecard to the investment, and if it scores above a certain classification (“professional” or “leader”), then confirming its intention of creating positive impact outcomes and moving it to consideration for the impact investing portfolio (where it would be scored with an impact rating tool).

GOALS for Development of Impact Rating Tool

Anthos' overarching ambition is to gradually reduce the negative and enhance the positive impact of its investment portfolio on people and the planet. Before joining the Impact Frontiers cohort in 2021, Anthos developed a robust impact methodology, leveraging the [IMP's Impact Management Norms](#) (which include the ABC framework) and using the "Five Dimensions of Impact" to understand the potential effects of its portfolios. Anthos aimed to build on this work by using measurement to learn how to direct capital toward more sustainable investments for each asset class, aligning with the firm's overarching RI objective; Anthos also intended to evolve its impact measurement and management practices as the field advanced and presented new opportunities. Anthos created an impact rating tool to incorporate quantitative data alongside its qualitative data, marking a step toward developing an efficient impact frontier for asset funds.

IMPACT Rating Tool

What Was Created & How:

Anthos and COFRA collaborated on the Group's first impact mapping pilot. While this exercise aided COFRA in establishing its impact baseline, Anthos employed the same methodology to create a more detailed and structured approach to impact screening, utilizing the ABC framework to set strategic objectives. Anthos then developed an impact rating tool known as the IMPact scorecard, which is based on the five dimensions of impact. This tool enables Anthos to more effectively assess the potential impact of investments within its impact investing portfolio, noting that only investments achieving the highest tiers on Anthos' ESG scorecard are included in the impact investment pipeline.

Dimensions of Anthos' Impact Rating

Intention (WHAT)

Does the fund manager have a clear theory of change for addressing solutions through the products and services offered? Considerations include investing in themes aligned with the SDGs and EU taxonomy, implementation of the "do no harm" principle, and aiming to show positive outcomes for underserved stakeholders.

Materiality (WHO, HOW MUCH)

What is the allocation and significance within the portfolio? Considerations include the percentage of the fund's assets are aiming to show significant outcomes for under-served stakeholders. *To achieve the highest rating, all of the fund's underlying assets must be a minimum of 'B' level impact, and a "material" portion must be "C" level.*

Measurability (WHO, IMPACT RISK)

What systems do the funds have in place to measure impact, and to what extent do they have impact-related KPIs to corroborate impact intention? Considerations include the fund's "significant outcomes" targeted to under-served stakeholders, and if the fund is clearly measuring, managing, and reporting on negative outcomes.

Impact Influence (INVESTOR CONTRIBUTION)

Assessed but not scored. What tactics do the fund managers use to contribute to enterprise's impact performance? Considerations include engagement and additionality.

How They Are Using It:

Diligence: Anthos uses the full IMPact scorecard to assess each investment that is eligible for the impact portfolio (i.e., those scoring above a certain threshold on the ESG scorecard).

Monitoring: Anthos engages with investees on the IMPact scorecard dimensions every year, explicitly for the impact portfolios, identifying areas where the investee could increase ratings and providing guidance on doing so.

Exit: Anthos may divest from its impact investments for impact reasons (or financial reasons). When doing so, Anthos carefully considers *“the aspect of impact continuity for the underlying assets and beneficiaries,”* and thus, it explains, *“many continue to engage beyond our investment time horizon, and/or we help the fund through well-considered secondary sales.”*

Portfolio Management: The rating has allowed Anthos to take a more systems-level, multi-asset approach, in which it can look at trade-offs in building out their portfolio, sequencing, and the staging of different kinds of investments by dimension.

Field-Building: Each year, Anthos uses insights from its IMPact and ESG scorecards to identify between one and three field-building milestones for the firm, which can span from policy-making to industry-building, to the creation of an Impact Advisory Council, to SFDR reporting.

GOVERNANCE Integration

Anthos requires prospective funds to complete the ESG and IMPact scorecards, and the assessments are included in both the investment memo and the side letter. Anthos also uses these initial assessments as the foundation for establishing an annual ESG engagement plan for each investment.

CHANGE MANAGEMENT & Lessons Learned

COFRA

- **Invest in stakeholder engagement.**

COFRA's stakeholders were involved in the process to ensure they understood the purpose and reasoning behind using the IMP frameworks, and they were reassured that this would enhance strategic decision-making.

- **Start with a common denominator as you look for tools across a diverse portfolio.**

COFRA concluded that if you're an impact investor, ABC classifications are likely not detailed enough; however, if you are a “responsible investor” seeking a deeper understanding of impact, the ABC framework serves as the most helpful starting point.

- **Impact ambition is not a monolith.**

Though the mission remains unchanged, there was a realization that “how to get there” needed to be segmented across asset classes and financial products for a more balanced asset allocation. Depending on the team's capabilities, the investment thesis, the asset class, and risk/return profile, investing in businesses that are decarbonizing at a very large scale (e.g. a best-in-class “A”) might be a more effective use of capital than investing in off-grid, small-scale renewable energy in rural areas (potentially a “C” type of holding).

Anthos

- **An objective system catalyzes broader buy-in and understanding.**
Anthos found that utilizing a quantitative scorecard (in addition to a more subjective, qualitative assessment approach) helped foster a shared understanding with individuals outside of the impact team and led to greater buy-in across the broader organization.
- **Bring in outside partners to strengthen the approach.**
For Anthos, involving outside partners and peer groups during the development process—and being open and vulnerable with those groups—was crucial to creating a robust impact methodology. Besides engaging with a peer group through Impact Frontiers, Anthos also collaborated in 2015 with Bridges Fund Management’s internal consulting arm to help codify Anthos’s methodology (see [More than Measurement](#) report and case study); Anthos also worked with BlueMark to execute an external evaluation of its impact reporting.
- **Leverage tools to enhance investee impact.**
The Anthos team recognized that increasing transparency regarding impact goals and performance—both with investees and in reports—empowers them to drive greater impact with each investee.

”Over the years, the insight gained from striving to reach the efficient impact frontier has increased our understanding of market availability, how different asset classes approach sustainable investment, and where there are opportunities to engage and innovate with ambitious managers. Using the IMP norms has therefore been a useful tool for navigation to date. It has also taught us where the limits and obstacles lie in using a narrow lens to explore the broad spectrum of sustainable investments, which has inspired us to add more tools to our repertoire. For example, we have invested heavily in additional resources to examine portfolios at the underlying holdings, including their carbon emissions, alignment with the SDGs, and their business activities. Gaining tangible insight into a company’s business activities, and whether that aligns with consensus definitions of being sustainable or not, is a powerful lever to influence change with our underlying managers. This, coupled with increasing guidance from regulations like SFDR and ESMA’s [European Securities and Markets Authority’s] new sustainability fund criteria, is helping to expand our view of the portfolios considerably.” **Dimple Sahni**, Managing Director, Multi-Asset Impact Investing, **Anthos Fund & Asset Management**

LOOKING Forward

COFRA

- **Articulating a strategy for managing impact at COFRA level.** COFRA is translating its ambitions into Sustainable Investment Guidance, with the aim of delivering tangible investment guidance that will direct capabilities, resources, and capital toward growth and a positive impact on its businesses.
- **Exploring sustainable product offerings.** COFRA is collaborating with its investment businesses to identify opportunities for developing new sustainable product offerings aligned with the Group’s impact priorities (i.e., Climate, Nature & Biodiversity, Human Rights & Labour Standards, Employee Well-Being, and Equitable Business practices).

Anthos

- **Building the efficient impact frontier.** Anthos aims to continue its efforts in developing an impact-efficient frontier, shifting from superimposing financial and impact considerations to integrating them. Anthos plans to adopt a systems-level, multi-asset approach, examining trade-offs in how they construct their portfolio, sequencing, and staging.

See Anthos' [Responsible Investment Report](#), p. 31 for more detail on their history, evolution, and approach to impact measurement and management.

BROADSTREET Impact Services

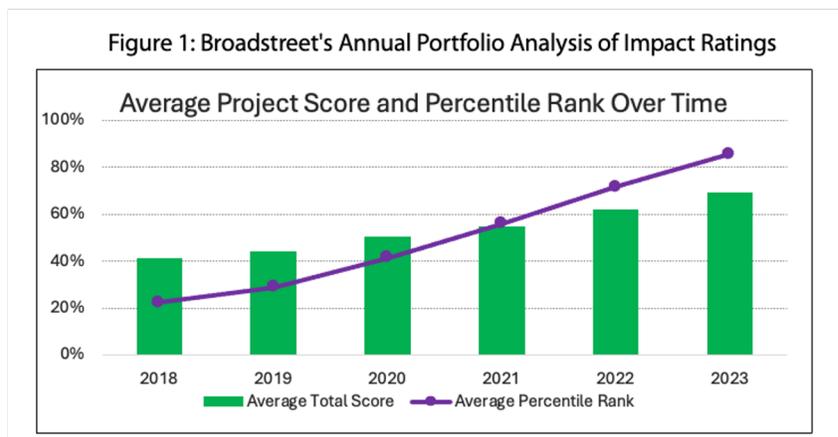
NMTC PORTFOLIO

Broadstreet is an Impact Fund Services company offering both Fund Management and Fund Administration services. This profile focuses on Broadstreet’s New Market Tax Credit (NMTC) investing, where it bridges the gap between philanthropic and traditional lending and investing to build community assets and increase access to capital in underinvested communities.

Founded: 2004
Impact Frontiers Training: 2021
Capital Type: Debt
Strategy: Direct
Financial Return Goal: Concessionary
Industries: Community Development
AUM: >\$500 Million
Investments: 144
broadstreetimpact.com

IMPACT RATING NOTABLES

- Defining “good” and shifting the portfolio.** The most significant benefit of the impact rating for Broadstreet thus far has been developing and refining the tool in partnership with the Investment team, collaboratively reaching a consensus on what “good” explicitly means for their impact investments. Given this shared language and prioritization, including among deal teams, 96% of all new investments since deploying the tool have received ratings above the median impact rating of the existing portfolio. See Figure 1 for a related graph.



- Benchmarking against the existing portfolio.** The Impact team presents the deal team and investment committee with a visualization of how a potential deal compares across each of the five dimensions of impact to the existing portfolio medians. Additionally, the team categorizes similar types of investments from the portfolio (community versus commercial facility) to provide a benchmark for the deal against relevant facility medians.
- Broadening deal flow.** The impact rating tool allows the team to assess novel project types in a way that allows for some comparability to traditional projects, thereby opening the team to consider new types of partners and initiatives that can also further Broadstreet’s impact goals.

Broadstreet shares many of its lessons learned and details from the development and initial use of its impact rating tool in [From Impact Measurement to Management: Broadstreet's Impact Rating Tool](#).

GOALS for Development of Impact Rating Tool

Broadstreet invests in many different project types through its New Markets Tax Credit (NMTC) investing and aimed to compare the expected impacts of those projects in a structured manner, employing specific yet generalizable questions and indicators. By improving its ability to evaluate and compare investments, Broadstreet hoped to enhance its impact in the communities it serves.

IMPACT Rating Tool

What Was Created & How:

Broadstreet's Impact team, with substantial input from the Investment team, developed an impact rating tool across the five dimensions of impact. Through testing this tool on its historical portfolio, Broadstreet identified criteria that were largely undifferentiated among projects and criteria that were highly correlated (and thus could likely be combined). This analysis allowed them to eliminate approximately 30% of their original impact criteria, creating a more efficient process. Once the tool was ready for use on new NMTC investments, the Impact team back-rated all existing investments in the portfolio to establish a benchmark for comparison.

Dimensions of Broadstreet's Impact Rating

Alignment (WHAT)

To what extent does the investment align with our strategic goals, as well as the needs of the local community? Factors include:

- Level of priority for the project among the local LISC team
- Alignment with impact mandates: "Financial security for all;" "Health is not a barrier to opportunity;" and "Reduction in racial health, wealth and opportunity gaps"
- Strength of alignment with community needs through engagement with community stakeholders

WHO

Who will benefit from the investment? Factors include:

- Percentage of people served by organization's programming that are people of color and low-income
- Representation of people of color and those who identify as woman or LGBTQ+ in the staff, leadership, and ownership

Effectiveness (HOW MUCH)

To what extent will the investment effectively make an impact? Factors include:

- Depth of impact: meaningfulness of intended benefit to affected stakeholders; extent to which project fills a gap or represents improvement over existing options; quality of jobs created
- Scale of impact: number of people directly served per year; change in project's capacity to serve people with the investment; permanent jobs created
- Efficiency of impact: financial efficiency of supporting the targeted outcomes (i.e., people served or jobs created per \$1 million of total development costs, and in comparison to historic portfolio performance)

IMPACT RISK

What is the risk to people and planet if impact does not occur as expected? Factors include:

- Quality of governance structures (including racial equity considerations)
- Quality of management structures (including racial equity considerations)
- Potential negative impact to the environment

INVESTOR CONTRIBUTION

Could the projected impacts occur without this investment? Factors include:

- To what extent will the project go forward without Broadstreet's involvement or New Markets Tax Credits?
- Will Broadstreet induce or arrange additional financing?
- Does the investment have significant potential to influence how others structure and deploy impact capital?

How They Are Using It:

- **Screening:** Broadstreet uses a subset of the impact rating dimensions to conduct a "pre-rating rating" which helps it to prioritize among projects in the pipeline.
- **Diligence:** The Impact team evaluates the investment with the tool, noting the "why" behind the scores, the data that is missing, and how the investment compares to the portfolio median and facility median. The deal team then reviews the completed impact rating for discussion and prioritization before it goes into the memo for the Investment Committee. See Figures 2 & 3 below for an example impact rating graph and accompanying summary used in due diligence and credit memos.
- **Negotiation and Terms:** Broadstreet uses the tool to identify opportunities to work with sponsors to improve the impact of proposed projects.

GOVERNANCE Integration

When developing a new NMTC fund, Broadstreet collaborates with its partners to incorporate impact criteria related to the impact rating tool in the fund's operating documents. Examples of criteria include requiring investments to achieve a specific rating or requiring that investments score above the median impact rating of all other NMTC investments. The investment memo presents both quantitative and qualitative aspects of the impact rating, featuring a written impact summary, charts depicting strengths and weaknesses for each dimension comparisons to portfolio means, and explanations for each dimension's score.

CHANGE MANAGEMENT & Lessons Learned

- **Refining the tool using back-rating.**

As part of the pilot testing process, Broadstreet applied its impact rating tool to all large (>\$4m) NMTC investments from the previous seven years, seeking to answer the following questions:

- Which criteria received the same score for most or all investments, so weren't differentiating projects' impact scores?
- Which criteria were highly correlated with one another, suggesting they could be combined or one could be removed?
- What information was hard to find or unavailable?
- Which types of projects tended to score highly, and did that correspond with the projects we knew to be successful?
- What accounted for any discrepancies between scores and the team's understanding of project outcomes?

- **Ensuring the consideration of key impact elements across project types.**

In its [Impact Rating Tool report](#), Broadstreet shares a tool-testing experience in which it realized that certain types of projects – specifically commercial and industrial – tended to score lower than other community projects. Bringing in colleagues with expertise in commercial and industrial projects for discussion, the Impact team discovered that the tool was not capturing an essential element of those projects: the expected reduction of neighborhood blight. The report states, “By comparing quantitative impact scores against team members' understanding of project results, we were able to learn more about the myriad benefits of the projects we've supported and align on how they should be assessed.”

- **The tool does not preclude the need for tailored considerations for each deal.**

As Broadstreet shares in its report, “We've learned that despite the comprehensiveness of our impact rating tool, it will never answer every impact-related question we have. In the same way that underwriters will have a standard set of financial diligence questions but have unique inquiries for many projects, impact diligence must be standardized yet tailored to each deal. Rather than being a shortcoming of our approach, we've seen that the tool leads us to new impact-related questions we wouldn't likely have asked before – strengthening our ability to use impact measurement to inform investment decisions.”

- **Increased average ratings following tool implementation.**

Since implementing the tool, Broadstreet has seen a marked improvement in the average ratings of projects in which they have invested. On average, projects closed in 2022 scored 5% higher than those closed in 2021, while projects closed in 2023 scored 10% higher than those closed in 2022. In addition to evaluating total raw scores, Broadstreet utilizes percentile ranks to compare investments from any given year against its overall portfolio. For example, projects closed in 2023 scored higher than 86% of all other investments in the portfolio, further indicating to Broadstreet that the impact tool has played a key role in pursuing projects with greater impact potential.

- **Eliminating duplicative criteria.**

By answering these questions, Broadstreet eliminated approximately 30% of its original criteria, refined scoring guidelines to enhance consistency and usability, and benchmarked investment scores against the overall portfolio as well as for each type of project it finances (e.g. community facilities).

LOOKING FORWARD

Over the next 1-2 years, Broadstreet plans to continue finding value through the impact rating tool by:

- Incorporating a calculation to demonstrate **how the investment under consideration affects the portfolio** across each impact dimension. Currently, the tool only displays the potential investment's scores in relation to the static score ranges of the existing portfolio.
- Exploring ways to break down comparisons by impact theme to **extract more granular insights based on specific sectors or impact goals** (e.g., improving health outcomes or creating quality jobs) – thus enabling greater impact across the portfolio. Currently, Broadstreet can compare investments within and across project types (e.g., industrial projects versus healthcare facilities).
- Exploring ways to leverage the tool for **analysis of impact performance based on individual indicators**, which would provide the team with a better understanding of areas where impact performance is strong and where there are opportunities for improvement.
- Building on the tool to **set impact targets**.
- Re-rating investments to support proactive **monitoring and management**.
- Improving internal **data management** to make possible additional uses of the tool and data.

Figure 2: Individual Project Rating used in Due Diligence and Credit Memos

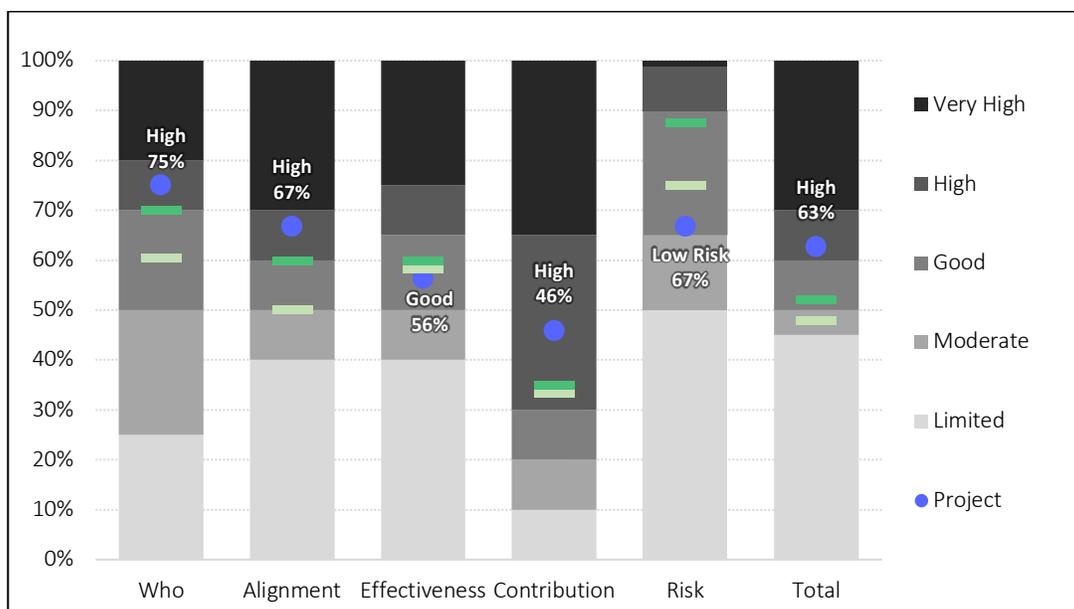


Figure 3: Example Summary Accompanying Impact Rating Charts in Due Diligence and Credit Memos

Impact Score Snapshot			
Dimensions	Rating	Detailed Assessment	Score Summary
WHO is expected to experience the intended outcomes	<i>High</i>	(+)The Project will be in a census tract that has a majority people of color (86%) and ranks High in Social Vulnerability Index (+) A majority of people served are low-income (90%) and people of color (84%) (-) There is limited representation of people of color in the staff, leadership, and board when compared to the proportion of clients who are people of color	This project scored greater than 70% of the portfolio
ALIGNMENT with community needs & Broadstreet's impact mandates	<i>High</i>	(+) The project aligns with our quality jobs, health equity and racial equity impact mandates (+/-) While there is some community involvement in the scope and design of the project, they do not have decision making power.	This project scored greater than 73% of the portfolio
EFFECTIVENESS and contribution of potential impact	<i>Good</i>	(+) This project will serve a significant number of food insecure people and will greatly increase the capacity of the borrower (46%) (+) 70% of jobs are expected to be quality jobs (-) There is a low volume of jobs created, and the efficiency of jobs created is low	This project scored greater than 36% of the portfolio
CONTRIBUTION of Broadstreet in making the transaction happen	<i>High</i>	(+) The Project will not go forward without NMTCs / borrower cannot access other debt	This project scored greater than 77% of the portfolio
RISK that intended impact will not happen	<i>Low Risk</i>	(+) The borrower has extended experience in providing its programming (+) Impact is locked into the enterprise model and there aren't any significant negative impact risks associated with this project	This project scored greater than 28% of the portfolio
OVERALL	High		This project scored greater than 70% of the portfolio

The BUILDERS FUND

The Builders Fund is a growth-stage private equity firm investing in building a better world. Builders partners with growth-stage companies whose fundamental business models directly address environmental and social challenges, where purpose can be leveraged for competitive advantage. With a rigorous approach to impact, they aim to promote a more sustainable and systemically responsible form of capitalism while generating attractive returns for all stakeholders.

Founded: 2015
Impact Frontiers Training: 2022
Capital Type: Equity
Strategy: Direct
Financial Return Goal: Market-rate
Industries: Many
AUM: \$171 million
Investments: 11
thebuildersfund.com

IMPACT RATING NOTABLES

- **Prioritization at the top of the pipeline.** Given Builders Fund’s scale and strategy, they aimed to create a right-sized impact rating tool that would provide value even with a small, diverse set of investments and would complement the tools already in use in diligence and beyond. Therefore, the team developed a tool to help prioritize deals in the pipeline.
- **Framework to guide conversations with LPs.** Builders’ Impact Prioritization Rating tool has been a valuable framework to share with both existing and prospective LPs, guiding discussions about Builders’ approach to impact, which includes identifying companies with an impact business model and recognizing ESG as a driver of operational value.
- **Informing deeper impact diligence.** The tool provides an opportunity to highlight priority impact areas and metrics to explore in later-stage diligence, enhancing understanding and verification of the impact business model of a potential investment.

GOALS for Development of Impact Rating Tool

The Builders Fund team recognized that they lacked a common language and shorthand for discussing expected impact, contrary to the common language they had in place around financial risk and return. They aimed to move beyond a purely qualitative analysis of impact to achieve a more meaningful differentiation that could support the prioritization of deals to pursue. For diligence and beyond, the fund had already established tools to measure and manage impact, including the B Impact Assessment.

IMPACT Rating Tool

What Was Created & How:

Builders Fund created the Impact Prioritization Rating (IPR) Tool to use during the screening process, assisting the team in prioritizing deals to pursue based on potential impact. The tool encompasses both negative and positive screening factors, with the positive factors falling across ESG categories. The team also worked on creating a scatterplot to evaluate the impact prioritization rating in relation to financial return but chose not to actively use the scatterplot after realizing their concentrated portfolio wouldn't achieve statistical power, and therefore would not produce meaningful analysis to support decision-making.

After implementing the first iteration of the tool throughout 2023, the Builders team assessed the tool's benefits and challenges and enlisted an MBA team from Stanford's Graduate School of Business to help iterate and enhance the tool in 2024. The newest version of the tool – IPR 2.0 – incorporates sub-weightings, new criteria, and scoring methodologies.

Dimensions of Builders Fund's Impact Rating

Materiality (HOW MUCH: Depth, WHAT)

How significantly does the company positively change lives or enable positive impact? Factors include:

- Level of impact on daily life (minimal, direct and substantial, transformational)
- Sector of the company with respect to emissions (is the company in a top-emitting sector or outside of top-emitting sectors?)

Scalability (HOW MUCH: Scale)

What scale has this solution reached (or does it have the potential to reach) during the holding period based on capital contribution? Factors include:

- People directly affected (ranging from small scale of <10k people to large scale of 100k+ people)
- Reduced CO2 emissions (ranging from small scale of <30k tons reduced to large scale of 300k+ tons reduced)

Efficacy (IMPACT RISK)

How certain are we that the company's product/service will positively contribute to one or more of Builder Fund's impact pillars? Factors include:

- Potential for impact based on levels of evidence to date (plausible potential impact without compelling evidence of effectiveness, strong potential through correlation or pilot project outcomes, or proven impact from directly relevant RCTs or quasi-experimental studies of the approach)

WHO

Does the product or service address racial/gender equity or reach marginalized communities? Do the Board of Directors and founding teams reflect diversity relevant to the product or service and target markets?

How They Are Using It:

Screening: The fund applies the IPR tool on a weekly basis to compare new and existing pipeline deals, helping to prioritize which ones to pursue. The tool also enables the team to highlight deals that may be too early based on the Fund's financial criteria but are expected to deliver high impact. This allows the team to monitor these businesses as they grow towards Builders' target size and scale.

While the IPR tool is applied only in screening, once a deal progresses to diligence, the fund collaborates with the company and co-investors to develop an impact theory of change and finalize the B Impact Assessment. Learn more about Builders Fund's impact management practices in diligence and beyond in this [blog post](#).

CHANGE MANAGEMENT & Lessons Learned

- **Driving long-term buy-in on impact.**

The team reported that transitioning from conceptualizing the tool to its actual implementation – and sharing results – has fostered greater conversation, engagement, and long-term commitment among the team regarding impact.

- **Evolving the tool based on applied learning.**

After implementing the IPR tool (version 1.0) in 2023, the Builders team became familiar with the outputs and integrated the results into their weekly diligence review calls. The scores from the IPR tool quickly standardized early impact diligence conversations and uncovered some challenges, including difficulties in normalizing results across different impact verticals and ambiguities within the criteria used to assign results for each element. To tackle these challenges, Builders collaborated with an MBA team from Stanford's GSB program to iterate and enhance the tool in 2024, specifically to incorporate sub-weightings, new criteria, and updated scoring methodologies. As a result of this collaboration, the IPR 2.0 evolved to include thematic verticals and sub-verticals; revised impact criteria that consider materiality, scale, and efficacy; and a new weighted methodology for scoring and thresholds.

LOOKING FORWARD

- **Measuring investor contribution.** When screening pipeline companies based on business criteria, Builders includes the firm's ability to add value to the company's growth plan post-investment. Similarly, the team is considering how to incorporate the potential for impact value creation into the impact prioritization rating. Value creation is a key part of second-stage business and impact diligence, including the development of an "Operating Blueprint" to drive integrated financial and impact outperformance during Builders' hold period.
- **Optimizing ESG value creation.** The Builders Fund invests in companies that create impact through the core products or services of their business models. Builders also aims to generate both impact and financial value by enhancing operational ESG factors after investment. The team is actively working on measuring integrated financial and impact performance while linking ESG factors to the drivers of company profitability and investment returns. This work will ultimately be incorporated into the IPR tool to help identify portfolio companies with strong ESG performance and the potential for further impact value creation.

BUILDERS VISION

Catalytic Capital Portfolio

Builders Vision is a mission-driven team of investors and philanthropists accelerating breakthrough solutions across food and agriculture, energy, and oceans. By deploying capital across the spectrum—from grants to market-rate investments—Builders Vision builds diversified, risk-aware portfolios that generate financial returns and long-term impact and sustainability. The organization partners closely with visionary leaders at the forefront of sustainability, grounded in the belief that a resilient future for investors, communities, and the planet requires the combined force of innovation, capital, and collaboration.

The **Catalytic Capital Portfolio** includes both direct and indirect investments aimed at driving capital into unrecognized markets and solutions that are critical for achieving Builders Vision's platform-wide impact objectives.

Founded: 2012 (2017 for *Catalytic Capital Portfolio*)

Impact Frontiers Training: 2022

Capital Type: Equity, Debt, Project Finance, Fund Commitments

Strategy: Both direct and indirect

Financial Return Goal: Varies

Industries: Oceans, Food and Agriculture, Energy

AUM: Not shared

Investments: 90
(*Catalytic Capital Portfolio*)

buildersvision.com

IMPACT RATING NOTABLES

- **Portfolio alignment at a glance.** Each Investment Committee (IC) memo includes a graph showing the portfolio's current positioning on impact and financial risk/return. This visual helps the IC assess how a new investment aligns with the portfolio overall.
- **Specific ratings for each impact area:** Each of the investment areas (Oceans, Food and Agriculture, Energy) uses an impact rating tool that is structured to consistently assess factors related to three key elements of impact measurement & management (IMM) practice, namely (1) a partner's intended impact, (2) the partner's organizational commitment to impact, and (3) understanding Builders Vision's investor contribution to the partner's intended impact. However, each rating tool is tailored to respective investment areas such that they assess the extent to which a partner's intended impact is aligned with Builders Vision's investment strategy in each sector. Further, each section of the rating tool is weighted according to the aspects of IMM that investment teams identified as most important to their respective investment strategies.
- **Applied across investment types, but not yet comparable.** While the tool is designed to include questions for both indirect and direct investments, the ability to compare ratings across investment types remains a challenge.

GOALS for Development of Impact Rating Tool

Builders Vision's Impact Measurement & Management (IMM) team developed an impact rating tool to ensure consistent consideration of impact and ESG factors throughout the investment process. The goal was to embed a structured, repeatable approach to impact assessment across the organization's investment activities.

IMPACT Rating Tool

What Was Created & How:

The IMM team initially designed the tool for the investment team managing Builders Vision’s Catalytic Capital Portfolio. Together, they piloted the tool in one key impact area, refined it based on feedback, and then expanded it to other areas. (Notably, the tool’s structure aligns with BlueMark’s emerging [Fund ID](#) assessment framework, reinforcing its relevance and rigor.) A close partnership between the IMM and investment teams was critical to securing organization-wide buy-in and ensuring the tool’s practical value. Today, the investment team has fully integrated the tool into its investment process.

Drawing on the Five Dimensions of Impact, Builders Vision’s impact rating tool evaluates investments across three main categories, each with its own score that is derived by an assessment of underlying sub-categories and factors. Scores for categories and sub-categories are weighted according to their relative importance to the investment team’s overarching investment strategy, and ultimately result in a single impact rating score for each investment. Across the tool, questions are tagged to identify whether they apply to direct investments, indirect investments, or both. The tool also distinguishes between two types of impact risk: Product/Service Risk, or risks related to the impact outcomes of the partner’s offerings, and Organizational Risk, or those risks tied to the partner’s internal commitment and capacity to deliver impact.

Dimensions of Builders Vision’s Impact Rating

1. PARTNER’S INTENDED IMPACT: *What is the intended impact of the partner’s products and/or services across the Five Dimensions of Impact, including:*

WHAT

Is the partner’s primary intended impact focused on addressing a key barrier related to one of the Fund’s core impact areas: oceans, energy, and food and agriculture? Factors of consideration differ for each impact area.

HOW MUCH: Scale and Depth of Impact

What is the estimated depth and scale of the intended impact (ranging low-to-high) during the investment period? What is the scale of intended impact in relation to the size of the problem?

WHO

To what extent is the partner targeting underserved populations or market segments through the intended work?

IMPACT RISK

Which of the nine impact risks ([per Impact Management Project Norms](#)) are most relevant to this partner’s products/services, and to what extent (ranging high-to-low)?

PARTNER CONTRIBUTION

How likely is it that the intended impact would occur but for the partner's products and/or services? Factors include financial additionality as well as nonfinancial additionality (in the case of indirect investments).

2. PARTNER'S ORGANIZATIONAL COMMITMENT TO IMPACT

Does the partner demonstrate a commitment to impact that increases the chances for the intended impact to happen and decreases chances for negative impacts to occur? Factors include:

IMPACT RISK

- ESG considerations embedded into business operations or investment strategy
- Measurement and management of critical ESG factors
- Impact measurement and management practices

3. BUILDERS VISION'S CONTRIBUTION & LEARNING

What is the likely additionality of the Builders Vision's investment and engagement, and to what extent will this investment surface new, strategic learnings? Factors include:

INVESTOR CONTRIBUTION

- Financial additionality with respect to terms, bringing in other funders
- Non-financial additionality, including strategic assistance opportunities, opportunities to build track record or test new approach
- Learning potential: Will the investment provide critical information to Builders Vision about a specific financial structure, geography, a sector or thematic area, and/or a market or market segment that we're interested in learning more about?

How They Are Using It:

- **Diligence:** Builders Vision applies the impact rating tool to all investments before they are presented to the Investment Committee (IC). Initially, the tool helps identify additional impact-related diligence questions and potential ways Builders Vision can add value as a partner. The final rating and notes are included in the impact section of the IC memo, alongside a graph showing the portfolio's current positioning on impact and financial risk/return. In some cases, the tool has led to decisions not to pursue investments that are clearly misaligned with impact goals.
- **Monitoring:** The tool's categories informed the design of Builders Vision's annual impact & ESG survey, which is administered to all partners to track ongoing performance.
- **Follow-on investments:** The impact rating tool is re-applied when considering follow-on investments. Results are incorporated into investment memos and IC discussions, just as with the initial investments.

CHANGE MANAGEMENT & Lessons Learned

- **Early and ongoing engagement across teams.**
Close collaboration between the IMM and investment teams throughout development was essential, as it fostered ownership and ensured the tool was embedded in day-to-day investment work.
- **Back-rating for iteration.**
Applying the tool retrospectively to past investments helped refine its structure and improve its relevance.
- **Value in the dialogue.**
Builders Vision reported that one of the most valuable features of the tool is the discussion it sparks among staff as they complete it for each investment. These conversations provide an opportunity for the team to test deal-related assumptions and to elucidate their thinking on the merits of their investment recommendation. It also prompts conversations about portfolio-level impact as new ratings are added to the rating graph.
- **Supporting partners in meeting impact expectations.**
Builders Vision created [The Impact Playbook](#) to help portfolio companies strengthen their own IMM practices across stages of growth and in alignment with the investor's expectations, and explore other ways to provide value-add support to partners around IMM post-investment. For instance, Builders Vision used findings from its annual impact & ESG survey to prepare company-level reports comparing company-level survey responses to portfolio benchmarks and external benchmarks, alongside a list of resources that partners could use to strengthen their IMM capabilities. To catalyze learning across the portfolio, Builders Vision conducted a call for portfolio partners wherein Builders Vision staff highlighted key findings from the survey and partners were able to raise questions and share learnings with one another.

LOOKING FORWARD

- **Enhanced impact data analysis.** Builders Vision plans to complement existing scatterplot visualizations of integrated impact-financial ratings with a deeper analysis of just the impact ratings data, with the goal of better understanding the impact profile of their portfolios. This effort will entail taking a closer look at sub-scores across the three rating categories, as well as analyzing the specific factors underlying each category. Builders Vision expects to use spider charts and other visual tools to highlight patterns, strengths, and areas for improvement.
- **Integrating the impact rating tool into ongoing monitoring.** Looking ahead, Builders Vision aims to embed the impact rating tool more fully into its monitoring processes. By leveraging data from its annual impact & ESG survey, the team plans to periodically reapply the rating tool throughout the life of each investment. This will allow for a dynamic comparison of realized versus expected performance—across both financial and impact dimensions—enabling more responsive portfolio management and deeper learning over time.

- **Applying impact rating tool to other portfolios.** Builders Vision is also working to adapt and implement the impact rating tool across its broader set of investment portfolios. This expansion involves tailoring the tool's underlying factors to suit different asset classes, such as public market investments. The goal is to create a consistent yet flexible framework that supports impact integration across the full spectrum of Builders Vision's capital deployment strategies.

CALVERT IMPACT Capital

Community Investment Note® Portfolio

Calvert Impact Capital is a global impact investment firm that helps everyday investors and financial professionals invest in solutions that benefit people and the planet. Calvert Impact uses its unique position to ensure communities are better served by capital markets through a range of products and partnerships. Since 1995, Calvert Impact has mobilized more than \$5 billion to grow mission-driven funds and organizations.

The following profile focuses on the portfolio of the [Community Investment Note®](#), issued by Calvert Impact Capital, which is a fixed income security that finances organizations creating positive social and environmental impact in communities around the world. The Note is available to U.S. retail and institutional investors.

Founded: 1995 (*Launch of Community Investment Note®*)

Impact Frontiers Training: 2020

Capital Type: Debt

Strategy: Indirect

Financial Return Goal: “Risk-Adjusted Market Rate”

Industries: Many

AUM: \$550 million (Community Investment Note® Portfolio, as of Q1 2025)

Investments: 100

calvertimpact.org

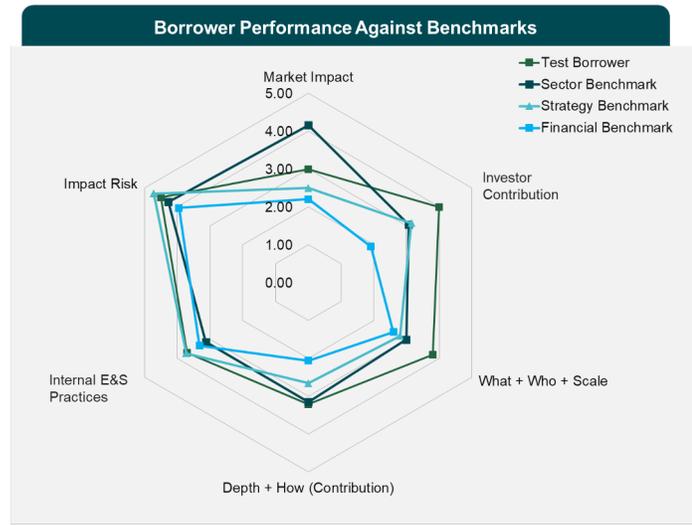
calvertimpact.org/investing/community-investment-note

Learn more about Calvert Impact’s Community Investment Note® Portfolio Impact Scorecard and IMM approach in this [Disclosure Statement: Operation Principles for Impact Management](#) and through examples shared in [Impact Frontiers’ Impact-Financial Integration Handbook](#) (specifically, pages 48-49, 56, 67).

IMPACT RATING NOTABLES

- Fostering dialogue over scores.** At Calvert Impact, the true value of impact ratings lies not in the numerical scores or weightings, but in the conversations they spark. Early on, the team recognized that focusing too heavily on individual impact scores could be distracting and might not lead to better investment decisions. Instead, the discussions around impact dimensions and trade-offs—both internally and with potential investees—proved far more valuable than any aggregate score could offer.
- Benchmarking for contextual insight.** Calvert Impact has developed a benchmarking tool using its Impact Scorecard, enabling staff to evaluate new loans and other investments in context. This tool allows comparisons of proposed loans and investments against existing portfolio investments by sector, strategy, or expected financial return, helping to ground decisions in a broader impact landscape.

... continued



Example radar chart from Calvert Impact Capital, demonstrating how the Impact Scorecard for a "Test Borrower" compares to the investor's portfolio benchmarks for the relevant sector, strategy, and financial return.

GOALS for Development of Impact Rating Tool

Calvert Impact developed the Impact Scorecard, an impact rating tool for the Community Investment Note[®] as a continuation of its work with the Impact Management Project and Impact Frontiers, with the goals of establishing a more robust and consistent system for assessing potential impact, contributing to industry thought leadership, and reducing the risk of underperforming against the organization's impact goals.

IMPACT Rating Tool

What Was Created & How:

Over a two-year period, Calvert Impact designed and tested its Impact Scorecard, officially launching it in January 2020. The scorecard serves as the organization's internal impact due diligence model and evaluates each potential loan/investment across two key dimensions: "portfolio and market impact" (i.e., investor contribution) and "community impact" (i.e., what, who, how much, impact risk, and enterprise contribution). Investment officers lead the completion of the scorecard during the diligence process. Each scorecard is then reviewed by Calvert Impact's impact lead in collaboration with the investment officer to identify any areas requiring further clarification from the portfolio partner.

The Impact Scorecard scores impact as six different sub-scores, each combining dimensions of impact and specific stakeholders. You can also find the dimensions and associated scores for Calvert Impact's Impact Scorecard on p.67 of [Impact Frontiers' Impact-Financial Integration Handbook](#).

Dimensions of Calvert Impact's Impact Rating

1. Market Impact

Market Impact

What value does the borrower's business model and financing provide to the market in question?

2. Additionality

INVESTOR CONTRIBUTION (to the portfolio partner)

What is the financial and non-financial additive value, beyond what is available in the market, that Calvert Impact could bring to the portfolio partner? Factors include:

Financial contribution, including availability of Calvert Impact's type of capital in this market, the portfolio partner's ability to obtain similar financing, the portfolio partner's need for flexible capital, if the investment is part of a syndication, and if an investment would catalyze additional capital

Non-financial contribution, including potential for investment to make a signal in the market, potential of investment to demonstrate effectiveness of the model and thus de-risk it for other investors, and Calvert Impact's provision of advisory services or other assistance to the portfolio partner

3. WHAT + WHO (End Client) + HOW MUCH: Scale

WHAT

What is the portfolio partner's sector strategy, and does their strategy align with Calvert Impact's theory of change? If not clearly aligned with Calvert Impact's theory of change, could the portfolio partner's strategy help inform a shift for Calvert Impact?

WHO

WHO: What are the characteristics of the portfolio partner and of the portfolio partner's target demographic? Factors include:

- **End Client:** Who is the target demographic for the intended impact, and what is the income and/or poverty level of the majority of the portfolio partner's end clients?

HOW MUCH: Scale of Impact

How does the portfolio partner compare to the rest of Calvert Impact's portfolio in that sector, using the primary metric of scale for the sector?

4. HOW MUCH: Depth + Enterprise (i.e., portfolio partner) CONTRIBUTION

HOW: Depth of Impact

Does the portfolio partner track outcome metrics that occur based on the loans they finance/create or outputs they achieve, to determine how "deep" the enterprise's impact is and/or how much impact they are having in their community?

Portfolio Partner CONTRIBUTION

What is the portfolio partner’s potential to contribute to a market solution? Would the impact likely happen in the absence of this portfolio partner? Factors include:

- Size of the market that lacks access to the organization’s products/services
- Ways in which the organization is serving the population, beyond lending and/or core activities, to augment impact on communities

5. Impact Risk

IMPACT RISK

What are the risks that projected impact may not be achieved? Factors include:

- Evidence risk**, based on the portfolio partner’s track record measuring and reporting impact metrics
- Execution risk**, based on the strength of the portfolio partner’s strategy, pipeline, resources, and capacity
- Unexpected impact risk**, or the likelihood of unintended negative impacts, considering the strength of the portfolio partner’s local community relationships and representation and the portfolio partner’s preparedness to pivot if negative impacts do occur
- Alignment risk**, or the likelihood of the mission drift by the portfolio partner, assessed by the way in which the portfolio partner’s impact is “locked into” its business model or fund (e.g., incorporation, certification)

6. Internal Practices of Portfolio Partner

Portfolio partner internal practices

What are the portfolio partner’s internal environmental & social (E&S) practices, including internal policies, application of E&S screens, formal Diversity and Inclusion policies and practices, and gender diversity among senior management and Board?



“At Calvert Impact, we view our Impact Scorecard as an essential tool in our work as an impact investor—one that consistently evaluates the ‘three legs of the stool’ in every transaction: impact, risk, and return. The Scorecard has brought rigor and consistency to our impact due diligence, while also enabling us to assess our portfolio’s impact across multiple dimensions, including our contribution to both portfolio partners and the broader market.

Any impact investor not asking, ‘What can I learn about my contribution versus other impact factors?’ is missing a critical opportunity. Ultimately, it comes down to your theory of change and your position in the market. The Impact Scorecard helps us explore those questions in depth for every investment we make.” **Caitlin Rosser, Calvert Impact Capital**

How They Are Using It:

- **Due Diligence:** The Impact Scorecard is central to the portfolio's impact due diligence process. Each potential loan or investment is assessed using the scorecard, and its results are benchmarked against portfolio-wide data segmented by sector, strategy, or financial return. These insights, along with visual benchmarking graphs, are included in the credit committee memo. (*Learn more about Calvert Impact's benchmarking practice on pages 48-49 in [Impact Frontiers' Impact-Financial Integration Handbook](#).*)
- **Monitoring:** Beyond annual monitoring of portfolio partner outputs and outcomes, the team re-applies the Impact Scorecard to a subset of active deals—specifically those with the highest exposure in the portfolio. The IMM team and the relevant investment officer jointly review and re-score the top 10 exposures annually, incorporating updated impact data and assessing progress toward stated impact goals.
- **Exit/Repayment:** During the repayment phase, the team revisits the transaction's Impact Scorecard to evaluate whether anticipated outcomes were achieved. When possible, this “exit” scorecard informs an exit interview with the portfolio partner. If valuable insights emerge, Calvert Impact may publish them as [case studies](#) to share lessons with the broader industry. For loan renewals, the same process is followed, with historical data feeding into the new scorecard assessment.

GOVERNANCE Integration

Impact due diligence—and the broader integration of Impact Measurement and Management (IMM) throughout the investment lifecycle—is a core requirement under Calvert Impact's Impact Policy. The use of the Impact Scorecard is a standard component of the procedures governing the Community Investment Note® portfolio. Each due diligence memo includes a summary of the Impact Scorecard, visualizations comparing performance against benchmarks, and a narrative explaining the impact score. The required internal approvals for any transaction to be considered by the investment committee are based in part on the expected impact performance of the proposed investment.

In certain instances, Calvert Impact may negotiate additional impact reporting obligations with a portfolio partner. These requirements may be formalized in a side letter or other closing documentation. Such provisions are typically designed to mitigate impact risks, highlight areas requiring closer monitoring, or formalize reporting expectations when they are not already embedded in the core closing documentation.

CHANGE MANAGEMENT & Lessons Learned

- **Change management is a critical part of implementation.**
Developing a new tool is not just about creation; it involves changing the way the company underwrites and invests. While implementation of the Impact Scorecard did not revolutionize the way Calvert Impact invested, it did materially affect the due diligence process itself by embedding consistency and a new level of rigor in impact diligence across all transactions. This shift required additional time and effort from both Calvert Impact staff and portfolio partners, as it demanded deeper engagement with impact-related questions. However, both parties recognized this as a

positive evolution: it strengthened Calvert Impact’s ability to make impact-informed investment decisions and often helped portfolio partners better prepare for other investors’ diligence processes. To manage this transition effectively, Calvert Impact employed several key strategies:

- **Strong, visible support from senior leadership**, consistently reinforced throughout the organization.
 - **Regular communication and feedback loops** with the portfolio team to gather input and refine the process.
 - **Clear articulation of the benefits** to the investment team, emphasizing how the tool adds value.
 - **Use of data and visualizations** to demonstrate insights and learning opportunities from the new process.
- **Navigating tensions between impact dimensions.**

Every investment presents a unique combination of strengths and trade-offs. Within Calvert Impact’s Community Investment Note® portfolio, a natural and expected tension exists between two key dimensions: Portfolio Impact (often referred to as Investor Contribution) and Community Impact (which reflects the portfolio partner’s direct impact and associated risk). Rather than viewing this tension as a drawback, Calvert Impact embraces it as a strategic feature of its diversified portfolio approach—one that spans the full maturity spectrum of funds and other portfolio partners, from emerging to growth-stage to mature portfolio partners with scaled impact solutions.

Nascent portfolio partners typically score higher on Portfolio Impact, as Calvert Impact’s capital plays a critical role in helping them prove their models and attract additional investment. However, these portfolio partners may score lower on Community Impact due to their limited scale and higher impact risk. Mature portfolio partners, on the other hand, often score lower on Portfolio Impact because they have broader access to capital and a more established investor base. Yet, they tend to score higher on Community Impact, having demonstrated scalable solutions and reduced impact risk.

This dynamic is not a contradiction—it’s a reflection of intentional portfolio construction. Calvert Impact leverages this interplay to build a balanced, diversified portfolio that supports a range of impact pathways and stages of organizational growth. By doing so, it ensures that capital is allocated where it can be most catalytic, while also maintaining a strong foundation of measurable community outcomes.

- **Creating value for investees through impact management.**

Calvert Impact’s use of the Impact Scorecard extends beyond internal decision-making—it also creates value for investees. During exit interviews, the Scorecard serves as a tool for reflection and learning. In one case, an investee shared that Calvert Impact’s emphasis on impact reporting helped them strengthen their internal practices and better prepare for a subsequent bond offering. Other funds have echoed similar benefits. These insights affirm Calvert Impact’s commitment to adding value—not administrative burden—through its impact processes.

LOOKING FORWARD

- **Leveraging the impact scorecard for impact management.** The introduction of the Impact Scorecard not only brought consistency and rigor to Calvert Impact’s impact due diligence process, but also served as a catalyst for broader improvements across the investment management lifecycle. By systematizing impact assessment at the diligence stage, Calvert Impact was able to reflect on and enhance its practices in other phases—such as monitoring, exit, and learning. Calvert Impact continues to invest in evolving its IMM system to enhance its ability to generate valuable insights and learning.
- **Building capacity for integrated impact-financial analysis.** Calvert Impact is actively investing in the systems and data infrastructure needed to support more advanced, integrated analysis of impact and financial performance, such as exploring the relationship between impact risk and credit risk and analyzing how different dimensions of impact interact across the portfolio.

LISC (Local Initiatives Support Corporation)

Community Development Financial Institution (CDFI)
Local Initiatives Support Corporation (LISC) collaborates with local leaders, residents, and stakeholders in communities of color and lower-income urban and rural areas to transform community assets from ideas into reality. By financing nonprofits that provide essential services, lending to underserved for-profit business owners who are excluded from traditional sources of capital, or providing loans to build or preserve affordable housing, LISC is committed to enhancing communities that have faced decades of financial exclusion.

Founded: 1979

Impact Frontiers Training: 2022

Capital Type: Debt

Strategy: Direct

Financial Return Goal: Concessionary

Industries: Economic Growth

AUM: \$555 million (loan portfolio, as of Dec 2022)

Investments: 413
(loan portfolio, as of Dec 2022)

www.LISC.org

In addition to interviews with LISC's Director of ESG & Impact, much of the content comes directly from two of LISC's publicly available reports about the development and use of their Impact Matrix tool: [Introducing the LISC Impact Matrix](#), July 2022; and [The Anatomy of Lending Outcomes: What We've Learned from the LISC Impact Matrix, One Year In](#), September 19, 2023.

IMPACT RATING NOTABLES

- **More holistic, and standardized, discussions on impact.** The development and adoption of the Impact Matrix has led to more standardized discussions on impact throughout the organization and more holistic explorations of impact. As a result, the quality of impact data from potential borrowers has improved due to clearer questions and checks from the LISC team.
- **Importance of individual dimension scores for a well-balanced portfolio.** Breaking down impact scores into individual dimensions enables LISC to assess whether they are investing in strong projects that further their diverse goals, even if their overall scores are closer to the portfolio median. As LISC continues to utilize their findings from the Impact Matrix to inform their overall lending strategy, dimension scores assist them in tracking progress on specific goals and ensuring they maintain a well-balanced portfolio that supports a variety of projects.
- **Identification of opportunities for strategic technical assistance.** By looking across loans, the team at LISC identifies which dimensions of impact are lacking, and starts asking questions to understand why and whether there are opportunities for strategic technical assistance and capacity building to enhance those dimensions of impact for borrowers. Just as LISC can use data to support potential and existing borrowers on aspects of their financial profiles, the presence of impact data offers similar opportunities on the impact side.

”LISC’s mission and strategy have not changed, but the Impact Matrix has given us a tool for not only measuring impact but re-centering it as key to our approach to project selection, due-diligence requests, and underwriting.” – *Introducing the LISC Impact Matrix*, July 2022

GOALS for Development of Impact Rating Tool

Given its approach to comprehensive community development, LISC aimed to compare the impact of projects across various asset types and to ensure that its commitment to racial equity was integrated throughout its lending practices. LISC sought to create a common language and toolbox for discussing and measuring impact across the organization.

IMPACT Rating Tool

What Was Created & How:

LISC created an impact rating tool, the LISC Impact Matrix, which allowed it to score each loan in LISC’s on-balance-sheet loan fund and assign a numeric score. During the design process, the internal LISC impact team gathered input from across the organization to refine the data points, ensuring they aligned with existing data fields and definitions, while also developing scoring guidance to minimize subjectivity or bias in scoring. Internal stakeholders were actively involved in assigning weights to each dimension and indicator. After a six-month development and consultation process, including testing a subset of 50 loans in the portfolio, LISC began applying the tool to new loans and continues to regularly refine it through a formal committee based on ongoing feedback. In the first year, LISC rated 132 loans, with one staff member working nearly full-time on the development and testing of the impact matrix, alongside a fully dedicated intern.

Dimensions of LISC’s Impact Rating

Community Centered

(WHAT, WHO, HOW MUCH)

Is the project supported by the local community and will it benefit the existing community? Factors include:

- how people were included in the design process,
- whether the borrower has a history of serving the local area, and
- whether the project explicitly targets people of color in line with [Project 10X](#).

Borrower Characteristics (WHO)

Are we investing in organizations that look like and represent their communities, support their employees by paying them a living wage, and share LISC’s commitment to diversity, equity, inclusion, and justice? Factors include:

- leadership and staff demographics,
- whether a borrower offers quality jobs to its employees, and
- the demographics of the larger project team.

Risk Mitigation (IMPACT RISK)

This dimension considers two sides of impact risk. First, what are the risks of unintended negative impact? Factors could include potential displacement or gentrification with a new development, as well as things like environmental risks to people or places. Second, what are the risks when the positive impact we intend does not occur? Factors include:

- the borrower's overall experience,
- potential regulatory barriers the borrower might run into (especially important for early-stage financing), and
- the borrower's ties to the community and commitment to making positive change.

Contribution (INVESTOR CONTRIBUTION)

What's the role that LISC plays in bringing a project to fruition, and thus is LISC the best lender for this borrower and to what extent are they catalyzing investment? It considers factors including:

- how flexible LISC's financing is,
- LISC's existing relationship with the borrower (including past loans, grants, or technical assistance), and
- how much other investment the project leverages.

Alignment (WHAT)

How does the project, regardless of type, advance LISC's local and national priorities? Factors include:

- the number of priorities addressed by the project, and
- how those priorities contribute to LISC's portfolio as a whole.

Effectiveness (HOW MUCH)

For this dimension, the indicators change based on the project type, as LISC recognized that it wasn't fair to compare the reach of different project types to each other (e.g., a housing development might serve 100 individuals, while a school reaches 400 students and a health center serves 20,000 patients annually). The measure is generally straightforward – number of units or people served, demographics of the served population and duration of the overall impact – and LISC considers the relative scale of each project type to fairly and consistently compare impact.

How They Are Using It:

Screening: Although the tool is not formally employed in screening, the presence of clear impact priorities shapes the types of projects that deal leads present and facilitates a more thorough discussion of the trade-offs between dimensions and the overall contributions of the enterprise and the investor for each potential investment.

Diligence: The Director of ESG & Impact Reporting evaluates all loans using the Impact Matrix and presents impact scores to the Credit Committee after a credit decision has been made.

Investor Contribution Assessment: LISC is using both its impact rating and financial rating to determine which types of technical assistance lead to improvements in either impact, financial performance, or both.

GOVERNANCE Integration

A standard impact presentation is included in all loans submitted to the credit committee; this presentation contains both the impact matrix ratings for the specific loan and a radar chart that compares this loan to the median dimension scores of existing loans (within the relevant impact area) in the portfolio.

CHANGE MANAGEMENT & Lessons Learned

- **Reaching across teams and departments for input and buy-in.**
Teams from each impact area were consulted in developing the impact matrix and were given set points during the process to provide feedback. As LISC began testing the draft matrix on 50 loans toward the end of the development period, it gathered individuals from across the organization – including the legal department – to conduct the ratings. Through this process, they could evaluate consistency among raters and demonstrate the broader value of the process.
- **Opportunity to apply impact matrix insights to bolster new funds/projects.**
As LISC pursues new projects and opportunities for impact areas, it is using insights from the impact matrix ratings to identify where it may need to focus technical assistance and capacity building to proactively address likely borrower risks.

LOOKING FORWARD

- **More targeted sourcing of high-impact projects.** As the tool helps LISC identify the characteristics of high-impact projects, they aim to evolve their sourcing strategies to attract more of those opportunities.
- **Advocate for new sources of funding.** As LISC is able to better identify and articulate the characteristics of highly impactful projects, they hope to advocate for new sources of funding to effectively support those opportunities. Additionally, as they identify key prospects for technical assistance and capacity building by examining specific dimensions, they aim to advocate for funding for targeted support and potential subsidies for new initiatives as necessary.
- **Sharing knowledge and insights while building a community of practice.** LISC is committed to openly sharing their journey of developing and implementing the impact matrix so that others can learn from their experiences. Looking ahead, they aim to foster a community of practice among CDFIs that can support one another in enhancing impact measurement and management, optimizing the impact of their investments. LISC's publicly available resources include:
 - Report: [Introducing the LISC Impact Matrix, July 2022](#)
 - Article: [The Anatomy of Lending Outcomes: What We've Learned from the LISC Impact Matrix, One Year In, September 19, 2023](#)

OPEN ROAD Impact

Open Road Impact "unsticks" critical impact capital for mission-driven organizations facing systemic funding delays that threaten to derail their work or time to impact. From mini-grid companies in West Africa to fintech financial inclusion firms in Colombia, Open Road provides bridge loans to companies, funds, and projects focused on tackling climate change or reducing global inequality. As the only impact investment vehicle designed to eliminate funding delays, Open Road's loans act as the catalyst borrowers need to sustain their operations, scale their solutions, and enhance their impact.

Since its founding in 2012, Open Road has loaned over \$80 million to more than 150 social impact organizations, keeping nearly \$800 million of impact and follow-on financing on track.

Founded: 2012 (in 2018, transitioned from grants to loans)

Impact Frontiers Training: 2022

Capital Type: Debt

Strategy: Direct

Financial Return Goal: Concessionary

Industries: Many

AUM: USD\$20 Million

Investments: 150 (since transitioning to loans in 2018)

openroadimpact.org

IMPACT RATING NOTABLES

- **Accelerating decision-making through early impact alignment.** Open Road's clarity on impact priorities, as identified through development of their impact rating system, enables early identification of borrowers who do not align with Open Road's impact priorities. This clarity allows Open Road to efficiently screen out misaligned applicants early in the process, saving valuable time and resources for both parties.
- **Investor contribution as a core impact metric.** For Open Road, investor contribution is a crucial aspect of keeping critical impact capital "on track," and thus a priority to make explicit through the impact rating. The tool explicitly scores each enterprise on investor contribution, ensuring that capital is directed where it can make a meaningful difference. To reinforce this, Open Road has developed complementary tools—such as a post-repayment borrower survey—to validate and refine assumptions about investor contribution for each loan.

GOALS for Development of Impact Rating Tool

Open Road transitioned in 2018 from using grants (founder capital) to private debt (asset management capital) to continue its work bridging critical gaps for impact enterprises. With this transition, Open Road recognized the need to professionalize its impact practice to meet new stakeholder demands, including creating tools for integrated impact-financial decision-making.

IMPACT Rating Tool

What Was Created & How:

Since Open Road provides loans focused on climate and inequality across various sectors and geographies, the team was initially hesitant about using standardized criteria to compare very different investment opportunities. However, discussions around the Five Dimensions of Impact helped the team identify key ways to establish standardized impact criteria for due diligence. Open Road developed a tailored impact rating tool that allows for maintaining the fast loan turnaround time central to its mission; the tool emphasizes companies' intentions and processes to define and measure impact (rather than baseline impact outcomes) and places a strong emphasis on investor contribution. Open Road continues to regularly update the tool, most recently with modifications aimed at increasing the system's objectivity.

Dimensions of Open Road Impact's Impact Rating

WHAT

Is the enterprise committed to impact and centering end-beneficiary (people or planet) outcomes? Factors include:

- Existence of specific impact goals and well-defined impact key performance indicators (KPIs)
- Evidence that the business is managing towards these KPIs

WHO

Does the enterprise's business model serve either underserved customers or, for environment-focused companies, employ underserved people? Does the enterprise value diversity within their board and management team?

HOW MUCH: Scale of impact

[For people-focused enterprises] What is the projected number of beneficiaries reached over the last 12 months?

[For planet-focused enterprises] What is the projected amount of greenhouse gas emissions avoided/reduced over the last 12 months?

HOW MUCH: Depth of impact

[For people-focused enterprises] What is the target customers' prior level of access to similar products/services?

[For planet-focused enterprises] How does Project Drawdown rate the relative impact of a solution for reducing heat-trapping gases?

HOW MUCH: Duration of impact

Is the impact created short-term, durable for an extended-period, or permanent?

IMPACT RISK

Focuses on three types of impact risk: evidence risk, unexpected impact risk, and alignment risk.

- *Evidence risk:* Does the enterprise have high-quality data to assess outcomes and impact; do they engage 3rd parties to ensure accuracy of their measurement; do they collect customer feedback; and do they share impact results with their board?

- *Unexpected impact risk:* What are potential unintended consequences from the business model and likelihood that those would occur?
- *Alignment risk:* What is the risk that impact is not core to the enterprise business strategy and there is drift over time?

What is the potential impact on the enterprise with a loan from Open Road, specifically, at this time? Factors include:

INVESTOR CONTRIBUTION

- *Level of need:* Extent to which the enterprise is using Open Road's loan to keep employees paid and core operations on track or allow for earlier investments into key growth areas?
- *Impact on track:* Anticipated additional capital leveraged by the Open Road loan.
- *Additionality:* Presence of alternative options to fill the capital need.

How They Are Using It:

Screening: Used implicitly in screening investments in the pipeline, as deal leads now clearly understand the impact factors that will be considered in diligence.

Diligence: Applied to every deal in diligence, and positions Open Road to drop borrowers early if it is clear that they cannot meet impact expectations. Given the intensity and efficiency required of Open Road's diligence process (approximately six weeks from application to disbursement), dropping misaligned borrowers early is an important time-saver for the team. Additionally, the impact rating provides a framework for Open Road's Impact Committee to discuss impact goals with potential partners as part of the diligence process.

Negotiation: Impact plays an implicit role in negotiating terms, and Open Road is working toward having impact play a more explicit role.

GOVERNANCE Integration

During due diligence, Open Road engages an Impact Committee to discuss impact goals and KPIs, as well as specific results from the impact scorecard with the potential borrower. A potential deal cannot proceed to the Investment Committee until the borrower obtains approval from the Impact Committee. The final impact scorecard and written analysis are included in the credit memo and are discussed at the Investment Committee.

”

Excerpt from Open Road's Investment Policy: *"The Impact Committee (45 minute meeting) is an interim step in the investment process designed to specifically review an applicant's mission and impact goals and assess alignment with Open Road's impact framework. The call is scheduled following the Deal Workshop with the approval of the Director of Investments and all requisite impact materials are submitted including the Impact Scorecard. The call includes participation of the applicant (ideally limited to two people on their team) and is facilitated by the Deal Lead. The IC will have reviewed the application in advance of the call and come with prepared questions. A 15 minute debriefing is also scheduled immediately after the Impact Call to vote on whether the borrower can continue in the investment process based on the impact criteria of the deal."*

CHANGE MANAGEMENT & Lessons Learned

Although the Open Road team was initially skeptical about creating a quantitative tool for comparing vastly different investment opportunities, discussions around the Five Dimensions of Impact helped them align on high-level impact goals and identify essential criteria for comparing deals. The impact team gathered feedback from colleagues throughout the development process and conducted initial pilot tests. In July 2022, they began implementing the tool for all deals entering diligence. Open Road further refined the tool in the fall of 2024, and the team is currently working to fully integrate it into the application process to ensure a more seamless experience for deal leads.

LOOKING FORWARD

- **Formalize the integration of impact considerations in setting loan terms.** Open Road aims to shift from implicitly integrating impact into the loan's financial terms to doing so more explicitly. For instance, higher impact loans could receive more flexible terms if needed, while lower impact loans would not be eligible for such flexible terms.
- **Portfolio strategy goals.** Open Road developed a portfolio strategy for 2025 that aims to achieve a balance of loans across a financial and impact spectrum. Specifically for impact, the strategy includes goals for "impact on-track," elements of investor contribution, and loans categorized as 'high' impact.
- **Improving governance integration.** The Impact Committee, which leads one-hour discussions between the borrower and the full investment committee, represents a new iteration of Open Road's ongoing effort to facilitate direct dialogue between the applicant and all investment committee members. While this session previously addressed financial and impact considerations, Open Road decided in 2025 to focus solely on impact to further enhance its inclusion in the investment process.
- **Ongoing refinement of the investor contribution dimension of impact.** Investor contribution will continue to play a significant role in Open Road's impact management strategy, and the team is currently developing a 2.0 version of the Borrower Impact Survey (sent to borrowers upon repayment) to better understand whether investor contribution projections at disbursement align with the impact achieved.

RH CAPITAL, a Rhia Ventures Fund

[RH Capital Corporation](#), a for-profit venture fund wholly-owned by [Rhia Ventures](#), makes direct investments in early and growth-stage companies that are driving innovation, access, and equity in reproductive and maternal health. The fund is a complementary part of a broader approach for Rhia Ventures, a non-profit social enterprise whose mission is to leverage capital to advance reproductive and maternal health equity.

Founded: 2020
Impact Frontiers Training: 2023
Capital Type: Equity
Strategy: Direct
Financial Return Goal: Market rate
Industries: Reproductive & Maternal Health
AUM: not reported
Investments: 24
rhcapital.vc

IMPACT RATING NOTABLES

- **Adapting the tool for early-stage companies.** As RH Capital began tool development, they drew from a broad impact framework used by the parent company, Rhia Ventures. Since Rhia Ventures works with enterprises across many stages of development and RH Capital focuses on early-stage ventures, the RH Capital team worked to identify the subset of impact dimensions that could be meaningfully assessed at early stages.
- **Supporting mission-aligned investment committee decisions.** RH Capital uses the tool primarily in due diligence, providing the Investment Committee (IC) with clear impact data that ensures the impact discussions are as structured and data-driven as those around financial risk and return.

GOALS for Development of Impact Rating Tool

While initially adapting the [Racial Equity Asset Lab’s Assessment Framework](#) to evaluate potential investments’ contributions to health equity, RH Capital realized the need for a customized impact rating tool tailored to early-stage venture investments. The goal for the customized tool was to support the IC in making decisions that aligned closely with the fund’s mission.

IMPACT Rating Tool

What Was Created & How:

In close collaboration with experts from Rhia Ventures, RH Capital began the development process by selecting a subset of health equity dimensions that can be feasibly evaluated for early-stage companies.

Dimensions of RH Capital's Impact Rating

Transformative Innovation (WHAT)

Does the company's core product/service transform the diagnosis and/or treatment of women's health conditions in a way that significantly improves health outcomes? Factors, based on available early data, include:

- If the company's core product/service treats a condition that lacks diagnostic or treatment options, the extent that it performs better than standard of care, or is a first-in-class option with high accuracy or efficiency.
- If the product/service improves accuracy, speed, and/or degree of invasiveness for diagnosis, and efficacy or reduced side effects for treatments.

Access (WHO)

Does the company's core product/service enable access to care by reducing barriers for historically marginalized and/or underserved populations? Factors considered in addressing barriers include:

- **Availability:** increased health service provider capacity to enable more people to receive care, with improvements in overall timeliness to care, or addressing critical provider shortages
- **Accessibility:** increased access to care for patients facing geographic constraints (e.g., rural, care deserts)
- **Accommodation:** removing barriers commonly faced by women to easily and directly access the care

Affordability (HOW MUCH)

How significantly does the company's core product/service reduce costs to the end customer, compared to the standard of care? Factors of consideration include:

- Medicaid coverage, insurance coverage, out-of-pocket cost to user (if any)

Systemic Change (HOW MUCH)

To what extent does the company's core mission and business model incorporate systemic change that addresses historical forms of bias and inequity? Factors of consideration include:

- Existence of a clear commitment and plan to address the unmet needs of a historically marginalized or underserved target population
- Meaningful engagement of the target population in informing product/service offerings
- Embedding of culturally-affirming care in the product/service

How They Are Using It:

- **Screening:** The VC team uses the tool informally in screening, which helps them to dismiss clearly misaligned investments early.
- **Diligence:** The tool is primarily utilized in diligence, where the rating is conducted by the impact team (spanning both RH Capital and Rhia Ventures). The impact team discusses their initial assessment with the VC team, and together they align on the final scores for inclusion in the IC memo.

GOVERNANCE Integration

RH Capital established a governance process to protect its mission. The Investment Committee (IC) consists of two representatives from the venture fund (the Board Chair and the Managing Director of RH Capital) and one from the nonprofit owner of the fund (the Managing Director of Rhia Ventures), who must unanimously approve any investments.

CHANGE MANAGEMENT & Lessons Learned

- **Data quality challenges.**
Given the investees' early stage, the different points in time at which they estimate impact achievements, and the variety of data sources on which estimates are based, the team recognized that they will have to continue to evolve toward stronger data quality and accuracy over time.
- **Balancing simplicity and flexibility.**
The team aimed to create a tool simple enough to implement during the diligence process. However, they found it challenging to develop a streamlined, straightforward tool capable of quantifying performance for different stage companies and acknowledging unique factors that influence ratings across various dimensions, such as the B2B versus B2C model or the relative affordability of a product.
- **Stakeholder alignment.**
Throughout the design process, RH Capital prioritized aligning its diverse stakeholder groups—including traditional investors, community members, and health systems—so that the resulting tool would be meaningful and valuable to all. This alignment effort involved making a compelling case for including health equity as a core diligence consideration, broadening the definition of “success” beyond financial returns alone, and demonstrating how private sector capital and influence can be leveraged to scale solutions in ways that grants or philanthropic funding alone cannot achieve.

LOOKING FORWARD

- **Impact management metrics in the side letter.** While the side letter currently states that investees must participate in the impact rating process, RH Capital aims to also incorporate impact targets into side letters.
- **Enhance understanding of portfolio impact.** RH Capital will continue to back-rate existing investments while also rating all new investments, creating a better understanding of portfolio impact across dimensions.

SALKANTAY Ventures

Salkantay Ventures is an early-stage venture capital fund focused on Latin American founders and startups in Spanish-speaking countries. In addition to providing capital, Salkantay acts as a strategic partner, providing strategic support, knowledge, and global networking.

Founded: 2020
Impact Frontiers Training: 2022
Capital Type: Equity, Quasi-Equity
Strategy: Direct
Financial Return Goal: Market rate
Industries: Technology, across many industries
AUM: USD\$ 26 million
Investments: 23
salkantay.vc

IMPACT RATING NOTABLES

- **Earlier identification of impact alignment.** The utilization of a streamlined version of the impact rating tool during the deal screening process has enabled the team to promptly eliminate deals misaligned with impact objectives. Consequently, this approach fosters greater efficiency by allowing the team to focus exclusively on deals that demonstrate aligned impact potential.
- **Right-sized tool for portfolio assessment.** Considering the diversity of industries, sub-segments, and business models in which Salkantay invests, the team concluded that it would be challenging to establish high-level impact criteria that are applicable across the board. Furthermore, the limited number of investments made annually (averaging between 2 and 4) does not yield sufficient data for a comprehensive quantitative analysis or comparison among investments. Consequently, the team has developed an impact rating tool that employs high, medium, and low categories (as opposed to numerical values) to appropriately adjust the effort based on these considerations.

GOALS for Development of Impact Rating Tool

The founders of Salkantay Ventures are driven by a mission to provide capital to entrepreneurs who facilitate access to essential products and services in a region characterized by limited financial resources. Recognizing that investors may define impact in many different ways, the team sought to develop a tool that would standardize and professionalize their impact practices, enabling them to articulate and evaluate the presence or absence of impact, as they have defined it.

” *“The process of developing and applying an impact rating tool has added significant discipline to our thinking about the way an investment can be more impactful than another.”*

- **Lucia Montalvo**, Partner, **Salkantay Ventures**

IMPACT Rating Tool

What Was Created & How:

The team initiated the development of an impact rating from the ground up, as they had previously engaged in more hypothetical considerations regarding impact claims and potential. The team diligently defined impact goals and established guidelines for each impact dimension, subsequently creating an impact rating tool that continues to undergo refinement to address the firm's requirements. This tool evaluates the impact dimensions relevant to the enterprise in question and the stakeholders it serves. All team members receive training on conducting the rating, while the investment team assumes the primary responsibility for assessing potential investments.

Dimensions of Salkantay Ventures' Impact Rating

WHAT

Does the enterprise provide access to critical products or services to a stakeholder, and what is the relative importance of the products/services to the stakeholder?

WHO

What are the socio-demographic characteristics of the stakeholder that relate to access to the products/services (e.g., income, geographic location)? What's the extent to which the enterprise is reaching or expected to reach the desired stakeholder group?

HOW MUCH: Scale of Impact

How many individuals (or units) will experience the product/service outcome?

HOW MUCH: Depth of Impact

What is the expected degree of change experienced by the stakeholder as a result of the product/service?

IMPACT RISK

What is the risk that the anticipated positive impacts do not occur, and what are the associated consequences? What is the risk that negative impacts occur, and what are the associated consequences?

Gender Lens

(Based on [2X Criteria](#), the global standard for gender-lens investing) What is the extent of gender inclusivity of the enterprise, including diversity of the leadership team and overall staff? And what is their overall commitment toward becoming a gender forward business?

How They Are Using It:

- **Screening:** Salkantay employs an abbreviated version of its impact rating, specifically a subset of impact dimensions, to screen prospective deals. This approach enables the firm to more swiftly eliminate those opportunities that are evidently not aligned with its impact objectives.
- **Diligence:** Salkantay employs the impact rating tool for all transactions under consideration; the rating and the accompanying narrative are incorporated into the Investment Committee memo and contribute to the “Impact” component of the overall deal rating, which encompasses factors such as team composition, traction, scalability, unit economics, upside potential, and exit strategies, among others. The team has established a threshold for impact scores concerning prospective investments but has retained the flexibility to override the score based on additional factors assessed by the team.

GOVERNANCE Integration

In addition to incorporating the impact rating score and the impact potential narrative into investment memos, Salkantay has established an Objective and Key Result (OKR) for the portfolio overall, aiming to attain an average impact rating that meets or exceeds the established target.

CHANGE MANAGEMENT & Lessons Learned

- **Challenge of identifying common metrics across vastly different industries.**

One challenge Salkantay faced was creating guidelines that applied to a wide range of industries and business models. As a result, they initially set more general guidelines that could be used across the board. Salkantay also found it easier to assess investments with B2C models, since the impact on people is more straightforward to measure than through a B2C model.

LOOKING FORWARD

- **Continued iteration.** The team will continue to monitor the application and utilization of their impact rating, as well as the degree to which it contributes value to the investment process; they will continue to adjusting the tool in accordance with their experiences.

SOCIAL FINANCE

Impact First Fund

Social Finance is a national nonprofit and registered investment advisor, working across the public, private, and social sectors.

Social Finance’s *Impact First Fund*, launched in 2023, provides a holistic, diversified portfolio of catalytic investments for individuals and institutions to pursue impact-first investment opportunities. The Fund targets early-stage funds and enterprises that require impact-first investment to seed and grow promising strategies to tackle pervasive social and environmental challenges. The Impact First Fund is an essential part of Social Finance’s broader efforts to mobilize the over \$1.7 trillion in charitable capital held by foundations and donor advised funds for impact-first investments.

Founded: 2011 (2023 for Impact First Fund)

Impact Frontiers Training: 2020

Capital Type: Multiple

Strategy: Indirect

Financial Return Goal: Varies

Industries: Many

AUM: USD\$20 million

Investments: 3 (Impact First Fund, as of end of 2024)

socialfinance.org

In addition to interviews with Social Finance’s VP, Impact Investments, much of the content in this profile comes directly from the [Social Finance Impact First Fund: Impact Report 2024](#).

IMPACT RATING NOTABLES

- **Three-tiered impact diligence process.** Social Finance applies a tiered approach to impact diligence, using its full 45-question impact rating tool only for a select subset of opportunities.
 - *Initial screen:* High-level impact metrics applied to all pipeline funds.
 - *Secondary diligence:* Conducted on promising candidates.
 - *Full rating:* Reserved for the most aligned opportunities.

As of the end of 2024, Social Finance had screened 222 funds, conducted initial diligence on 41, and applied the full impact rating to 7.

- **Capturing direct and indirect impact.** While the Impact First Fund invests directly into funds, its impact rating balances potential and actual impact from both the fund itself and from the fund’s investees, which includes capturing the strength of systems that both sides have in place to measure and manage impact.

GOALS for Development of Impact Rating Tool

Social Finance created an impact rating tool to provide a shared framework for assessing impact across the organization, reflecting their nuanced and holistic assessment approach. Establishing this shared framework was particularly important for the Impact First Fund, where impact is considered at the Social Finance level, the fund-level, and the investee-level, and where the team’s ability to assess impact at each of these levels varied. The tool has helped the team understand how impact ‘shows up’ in their work and has ensured that they ask the same questions and use the same criteria when assessing impact.

IMPACT Rating Tool

What Was Created & How:

The tool, designed for the Impact First Fund, consists of 45 questions across the Five Dimensions of Impact, with tailored measures for both funds and their investees. The tool draws on best practices and guidance from: the Operating Principles for Impact Management, publications from Impact Frontiers, BlueMark, Transform Finance, the Equitable Evaluation Initiative, We All Count, the Racial Equity Asset Lab (REAL), the Movement Strategy Center, and consultations with leaders in the field.

Initially, the tool focused heavily on investee-level impact, reflecting the lead developer's prior experience with CDFIs. However, the team quickly recognized the need to also assess the funds themselves—their systems, incentives, and ability to drive impact through their portfolios.

A pilot phase revealed that the original version was too complex and included difficult-to-answer questions and ambiguous score guidelines. The team refined the tool to: reduce the burden on staff and investees; focus on answerable, meaningful questions; and provide a clear, consistent, and nuanced framework for assessing impact.

Dimensions of Social Finance's Impact Rating

WHAT

Is the fund's primary targeted impact social and/or environmental in nature, and do they target early-stage investees launching innovative businesses? Does the fund have a track-record that substantiates its impact goals? Does the fund have systems, processes, and incentives in place to successfully assess and support impact?

- *For the fund's investees:* What are the investees' desired impacts? Do investees have the systems, processes, and incentives in place to successfully assess and support impact?

WHO

What are the characteristics of the fund's leadership/ownership? What are the characteristics of the fund's employees and how does it support its employees?

- *For the fund's investees:* What will be the characteristics of the investees' leadership/ownership? Who will the investees employ and how will they support their employees? To what extent will the investees' work positively impact people from marginalized populations?

Amount (HOW MUCH)

What is the scale of the fund's targeted impact, and how long will the impact last?

- *For the fund's investees:* What is the scale of the investees' targeted impact, how many stakeholders will be impacted, how significant is the impact to those stakeholders, and how long will the impact last? How do investees contribute to their communities, and do they engage in advocacy or other field-building work?

IMPACT RISK

What is the risk of negative or no impact, and how does the fund identify and mitigate impact risk? To what extent does the fund engage and seek input from the stakeholders it serves?

- *For the fund's investees:* How will investees identify and mitigate impact risks, and how will they engage and seek input from the stakeholders they serve?

INVESTOR CONTRIBUTION

Does the fund have an unmet capital need, and require an impact-first investment? Could the Impact First Fund add value to the fund (e.g., catalyzing additional investment) through non-monetary support?

- *For the fund's own investor contribution:* Social Finance prioritizes several areas of funds' potential investor contribution, asking if the fund's investees are unlikely to get market-rate capital, if the fund's financing is more flexible and lower cost than that provided by market-rate investors, if the fund provides other non-monetary supports to investees, and if the fund has a track-record of its investments leading to other investments.

How They Are Using It:

- **Sourcing & Screening:** Social Finance applies a small subset of questions to source and screen funds, sourcing those with unmet capital needs and high impact potential, and then using the initial screen to prioritize those funds (and managers) who are developing innovative financial solutions to pervasive social and environmental challenges.
- **Due Diligence:** For investments that pass the initial screen, Social Finance conducts a more detailed impact review. This step helps eliminate opportunities unlikely to perform well across the full impact rating. Most investments tend to perform well in some impact categories but not all—so this process helps identify those that are not sufficiently aligned with the Fund's holistic impact criteria. For the most promising opportunities, the full 45-question impact rating tool is applied. Team members independently score the investment, then come together to compare assessments, discuss findings, and develop a final impact rating. This includes a written summary highlighting the investment's impact strengths, challenges, and areas of uncertainty.
- **Monitoring & Learning:** Social Finance tracks fund and investee impact through quarterly and annual reporting. Each year, the team surveys fund managers on their investees' impact and updates internal documentation accordingly. This ongoing monitoring helps validate initial assumptions and informs future investment decisions.
- **Portfolio Diversification:** The impact rating tool also supports portfolio construction by ensuring each investment has a compelling and credible impact thesis. The tool's multi-dimensional framework helps identify imbalances across the portfolio and guides efforts to maintain a diverse mix of impact strategies.

GOVERNANCE Integration

Impact ratings are included in investment memos and reviewed by the investment committee as part of the approval process. The committee actively interrogates impact claims to ensure alignment with the Fund's goals.

CHANGE MANAGEMENT & Lessons Learned

- **Demonstrate early wins.**
Organizations, and teams within organizations, can be skeptical of external validation; gaining internal buy-in requires showing tangible benefits early. For Social Finance, positive coverage from field-building efforts and the improved ability to respond to activist investor demands helped validate the tool's value.
- **Position the tool as additive, not punitive.**
"Never be the impact police," advises Catherine Dun Rappaport, VP for Impact Investments. The tool is used to foster shared understanding and alignment—not to penalize. It helps the team optimize for impact rather than simply identify gaps.
- **Right-size the process and claims.**
Dun Rappaport also advised: "Make sure you don't overburden potential investees who are, appropriately, more focused on running entities that generate returns and impact than they are on reporting. Similarly, right size your impact claims. Be clear about what you know, what you don't know, what's measurable, and what's not. Transparency is your friend here."
- **Learn and evolve.**
Revisit the tool after several investments have matured. Ask: Did it provide the insights we needed? What refinements would improve its usefulness in understanding impact and potential?

LOOKING FORWARD

As Social Finance continues to apply its impact rating tool to more investments, it aims to share insights on how to design a credible, rigorous, and right-sized impact assessment framework—particularly within a fund-of-funds structure.

TELUS Global Ventures POLLINATOR Fund

TELUS Global Ventures (TGV) Pollinator is the corporate impact investment backed by TELUS. TGV Pollinator invests in for-profit companies and founders committed to driving innovation and transformative solutions that help make the world a better place.

Founded: 2020
Impact Frontiers Training: 2022
Capital Type: Equity
Strategy: Direct
Financial Return Goal: Market Rate
Industries: Sustainable Agriculture, Healthcare, Climate, Inclusive Communities
AUM: CAD\$100 million
Investments: 26 (as of end of 2022)
telus.com/en/pollinatorfund

IMPACT RATING NOTABLES

- **Applied across all deals.** As a relatively young equity fund, TGV Pollinator has prioritized impact from the outset. The entire team has been actively involved in developing and applying an impact rating tool, now used consistently in due diligence for all investments.
- **Limited data for quantitative analysis.** With only 31 investments across four impact pillars, the fund currently lacks the volume of data needed for robust quantitative analysis that integrates impact and financial return.
- **Strengthening portfolio companies' impact management.** To enhance the impact management capabilities of their portfolio companies, TGV Pollinator created the [Pollinator Impact Navigator Tool](#)—a practical resource to help founders frame, define and improve their own impact measurement and management. This tool is publicly available to support the broader ecosystem.

GOALS for Development of Impact Rating Tool

TGV Pollinator pursued the development of an impact rating tool to meet high expectations for impact as a credible and robust practice within the organization, and to be able to approach both impact and financial return in a systematic way.

IMPACT Rating Tool

What Was Created & How:

Over a three-month period, the TGV Pollinator team, with support from external advisors, developed a flexible impact rating tool tailored to its four investment pillars: Sustainable Agriculture, Climate Solutions, Healthcare, and Inclusive Communities. The tool includes common metrics applied across all deals, as well

as pillar-specific metrics (4-6 per pillar) to reflect key industry differences. TGV Pollinator and external advisors also developed the **Pollinator Impact Navigator Tool** to help founders understand and align with investor expectations around impact. It is available for [public download](#).

Dimensions of TGV Pollinator's Impact Rating

WHAT

Does the venture work within one of our four impact pillars: sustainable agriculture, climate solutions, healthcare, and inclusive communities? What is the actual change (i.e., measurable result) being experienced by people and/or planet?

WHO

TGV Pollinator considers both the characteristics of the venture itself and of the stakeholders being served by that venture.

- Venture: How are people and planet impacted by the venture's operations? Factors include workforce diversity and equity, inclusive workplace, employee engagement, and environmental impact of operations.
- Stakeholders served: Who does the impact primarily affect, and what proportion of those are considered underserved?

HOW MUCH: Scale of Impact

What is the potential number of units affected, specific to pillar (e.g., improved income, CO2e sequestered), compared to Business as Usual? Factors include:

- Unit economics of impact
- Projected scale of impact, aligned to the financial projections

HOW MUCH: Depth of Impact

What quantitative difference, if any, is made to each unit (specific to pillar) compared to the standard case? (For example, what is the percent increase in income relative to standard rates for care workers that will be achieved through an investment focused on improving income for frontline healthcare workers?)

IMPACT RISK

How high is the risk that the impacts will not occur?

INVESTOR CONTRIBUTION

How much of the expected impact can be credited to TGV Pollinator's support? Considerations include enhanced impact activation through:

- Capital allocation, with respect to additionality and potential to facilitate introductions to other investors
- Stewardship and engagement, including opportunities for engagement in governing structure and supporting venture's IMM practices

How They Are Using It:

- **Due Diligence:** The investment team is responsible for conducting the impact rating on potential investments. The team derives value from the process of conducting the rating and the discussion that it generates, rather than from an aggregate score itself.

GOVERNANCE Integration

Impact ratings are included in investment memos, and impact metrics are embedded in side letters or investment agreements to ensure accountability.

CHANGE MANAGEMENT & Lessons Learned

- **Engaging the full deal team.**
Engaging the full deal team in impact screening and rating is key for TGV Pollinator so that impact is meaningfully embedded throughout the diligence process.
- **Maintaining flexibility for nuance.**
Given the breadth of TGV Pollinator's portfolio, it's important that their impact rating tool is complemented by other, less-streamlined, considerations. TGV Pollinator expects to continue updating and revising the impact assessment process as its portfolio expands.
- **Aligning impact with value for founders.**
TGV Pollinator has focused on right-sizing the Pollinator Impact Navigation tool, considering the likely burden of effort for founders and the opportunity to create value for both parties.

” *“It’s important for us to pare down the tools to something actionable, and something that meets founders where they are... Tools can easily morph into an academic exercise, but when delivering value to founders who have limited bandwidth we must make them actionable – like a playbook – so that they can easily see the value.”*

- **Ka-Hay Law**, Investment Director, **TELUS Global Ventures Pollinator Fund**

LOOKING FORWARD

- **Integration with monitoring.** In the coming year, TGV Pollinator will have data to begin doing analysis to support impact monitoring, which they will likely start to do with a select group of investments.
- **Integrating actual versus projected impact.** In the future, TGV Pollinator would like to integrate actual outcomes against projected impact to validate and influence decisions during the investment process, including additional diligence measures they should consider.
- **Benchmarking.** As the portfolio of comparable investments grows, TGV Pollinator intends to use benchmarks alongside the impact rating tool to influence investment decisions.

Appendix A: What Are Impact Ratings?

In the field of impact investing, impact is defined as a change in an outcome – positive or negative, intended or unintended – caused by an organization. In the context of this report, the impact is generated by an investor to support and extend the impact created by its investees. An impact rating is a method for valuing that impact by assigning a quantitative, but non-monetized, value to the impact of an investment. Using their own criteria, investors can create their own impact rating (alongside rules of practice for applying it) to evaluate and compare the expected or actual impact of investments on stakeholders. As part of the Impact Frontiers training, developing impact ratings represents the initial step toward building an integrated analysis of how to optimize both impact and financial return. However, even on their own, impact ratings serve as a powerful tool for investors.

Why Create an Impact Rating?

While this “More Than a Starting Point” report highlights the advantages that investors derive from developing and applying an impact rating, many investors are initially motivated by the desire to standardize and professionalize their impact practices, ensuring their investments genuinely reflect the change they aim to create. Although due diligence is often the primary focus for investors developing an impact rating, many soon realize its broader utility. The tool often evolves into a resource utilized throughout the investment lifecycle, generating insights that inform portfolio management and shape overall impact strategy. For example, impact ratings are frequently used to:

- **Assess and compare** the expected impact of potential investments before investing.
- **Monitor investments** over time, allowing for active impact management and comparison of actual impact to expected impact.
- **Understand, across the portfolio**, which types of investments deliver the greatest value.
- **Optimize both the impact and financial performance** of their portfolio by analyzing the relationships between both factors.

How do Impact Ratings Differ from Checklists?

Before developing an impact rating and applying it to a set of investments, many impact investors start with a negative screening tool and/or a due diligence checklist. Negative screening tools help filter out potential investments that do not align with the investor’s preferences on key factors (e.g., environmental pollution), but they do not help investors identify and prioritize the positive impacts they seek from their investments. Checklists may include specific positive attributes, along with other factors, that investors seek to assess or evaluate during due diligence; however, they typically fail to capture nuances beyond a simple dichotomous response, and they rarely embody a distinct set of shared values. An impact rating, on the other hand, translates an investor’s impact objectives into a structured set of prioritized metrics, each assigned a numeric value across a defined response range. This approach produces multiple quantitative scores, allowing consistent comparison of impact potential across different investments.

What are the Key Components of an Impact Rating?

Impact ratings typically develop from the following components, each tailored by the investor to their unique context, values, needs, and capacity. Below the components is a very simplified example of an impact rating, presented in table format; this rating would generally live within a spreadsheet.

1. **Five Dimensions of Impact.** Impact ratings are developed by leveraging the [Five Dimensions of Impact](#), as defined by the Impact Management Project: What, Who, How Much, Investor Contribution, and Impact Risk. The investor interrogates the change it is seeking within each dimension; for example, for the WHAT dimension, it would be the outcome(s) that the investor is seeking to influence.
2. **“Rules of Thumb.”** Within each impact dimension, the investor determines what they value most, which can also help differentiate between investment opportunities. For instance, in the WHAT dimension, if an investor generally supports education initiatives aimed at low-income students, they would specify the results they prefer to see from such programs, such as increases in math test scores, increases in high school graduation rates, and so on.
3. **Scoring Guidelines.** While the rules of thumb establish your broad values, the scoring guidelines provide clear numeric rules or benchmarks that define what constitutes greater or lesser impact within each dimension. In the example below, the investor created performance ranges and assigned different scores consistent with each range. There are many different ways to develop scoring guidelines, and they are covered in the Impact Frontiers training.
4. **Weighting.** Once you have your scoring guidelines set, you can add weights to each line item in the scoring system. The weight enables you to evaluate all of the scored dimensions and determine which ones you want to emphasize as the MOST and LEAST important in your overall score. It also allows your team to adjust relative importance without needing to change how you scored the actual characteristics of the investment. In the example below, the fund determined that WHO is served was the most important factor. They concluded that WHO is three times as significant as the specific intervention (WHAT), and that the number of students reached (HOW MUCH) was less important than WHO but still twice as significant as the WHAT.

Simplified Impact Rating Example (reflecting just three dimensions of impact)

Impact Dimension	Rule of Thumb	Scoring Guidelines	Weight
WHAT	<i>All things being equal, we prefer companies whose programs/services result in...</i> Higher high school graduation rates	1 – increase in attendance 2 – increase in reading test scores 3 – increase in math test scores 4 – increase in high school graduation rates	1
WHO	<i>“All things being equal, we prefer companies who work with...”</i> Students with the lowest average incomes.	1 – serving districts with ≤25% receiving free/reduced lunch (FRL) 2 – serving districts with 26-50% FRL 3- serving districts with 51-100% FRL	3
HOW MUCH: Scale	<i>“All things being equal, we prefer companies who reach...”</i> A greater number of students	1 – reach ≤1,000 students 2 – reach 1,000-10,000 students 3 – reach >10,000 students	2

How Are Impact Rating Scores Calculated?

There are several ways to score investments using an impact rating, and some important variations. Note that while the rating can produce an aggregate score, most investors find the disaggregated scores by dimension to be extremely informative during due diligence and beyond.

Most impact ratings—such as those taught in the Impact Frontiers training—start by using a weighted sum formula for the WHAT, HOW and HOW MUCH dimensions, as demonstrated below:

Impact Dimension	Rule of Thumb	Scoring Guidelines	Weight	Score	Score x Weight
WHAT	...Higher high school graduation rates	1 – increase in attendance 2 – increase in reading test scores 3 – increase in math test scores 4 – increase in high school graduation rates	1	3	3 (3x1)
WHO	...Students with the lowest average incomes.	1 – serving districts with ≤25% receiving free/reduced lunch (FRL) 2 – serving districts with 26-50% FRL 3- serving districts with 51-100% FRL	3	2	6 (2x3)
HOW MUCH: Scale	...A greater number of students	1 – reach ≤1,000 students 2 – reach 1,000-10,000 students 3 – reach >10,000 students	2	1	2 (1x2)
TOTAL WEIGHTED SCORE (WHAT + HOW + HOW MUCH)					11 (3+6+2)

Each dimension in the rating has a weighted score, and there is also a total weighted score for those dimensions combined. The CONTRIBUTION and RISK dimension scores can similarly be added to the total; however, some investors prefer to weigh them differently by using them as multiplier and discount factors. They may determine that investor contribution can multiply the investment’s score while inherent risks can discount the investment’s score. There are numerous variations in “Impact Ratings Math” that come into play once robust metrics and guidelines have been developed. The Impact Frontiers training offers coaching for participants on their mathematical approach, which typically depends on the investor’s unique theory of change and investment portfolio

Creating an impact rating for investors takes time and requires input from many stakeholders in the process of reaching consensus. The result is an agreed-upon lens for viewing and valuing the impact of their investments, which can feed directly into overall impact management, including deal and portfolio monitoring and evaluation, internal and external impact reporting, and sometimes staff performance assessments and incentives.

Where can I Learn More?

We include a set of Impact Ratings Fund Profiles as part of this report. For more examples, templates, and in-depth discussion of these practices, please consult the following resources from Impact Frontiers:

- Impact-Financial Integration: A Handbook for Investors, <https://impactfrontiers.org/wp-content/uploads/2021/05/Impact-Frontiers-Impact-Financial-Integration-A-Handbook-for-Investors.pdf>
- Impact Ratings: Quantified, Not Monetized, https://impactfrontiers.org/wp-content/uploads/2022/05/IMP_Impact-ratings-discussion-document.pdf
- The Impact Frontiers free online curriculum (Modules 2,12 and 13) and Impact Ratings Template, <https://impactfrontiers.org/norms/impact-financial-integration/impact-ratings-financial-valuation-metrics/>
- Impact Frontiers Cases and Examples of CDFIs integrating Racial Equity, <https://impactfrontiers.org/cases-examples/cdfi-racialeguity>

Want more? You can learn about Impact Frontiers' other learning and training opportunities here:
<https://impactfrontiers.org/learning/>

Appendix B: Acknowledgements

We would like to thank all the impact investment professionals we interviewed, as well as our partners at Impact Frontiers, who provided guidance and input throughout the process. This report would not have been possible without their willingness to share their journeys and lessons learned for the benefit of the broader field.

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