

# Calvert Impact Capital Overview

June 14, 2021

# We want the financial markets to work for more people, more often



## Our purpose

Making impact investable to create an equitable and sustainable world



## Our history

Started in 1995 with goal to raise and deploy capital for the benefit of low-income populations and under-represented markets

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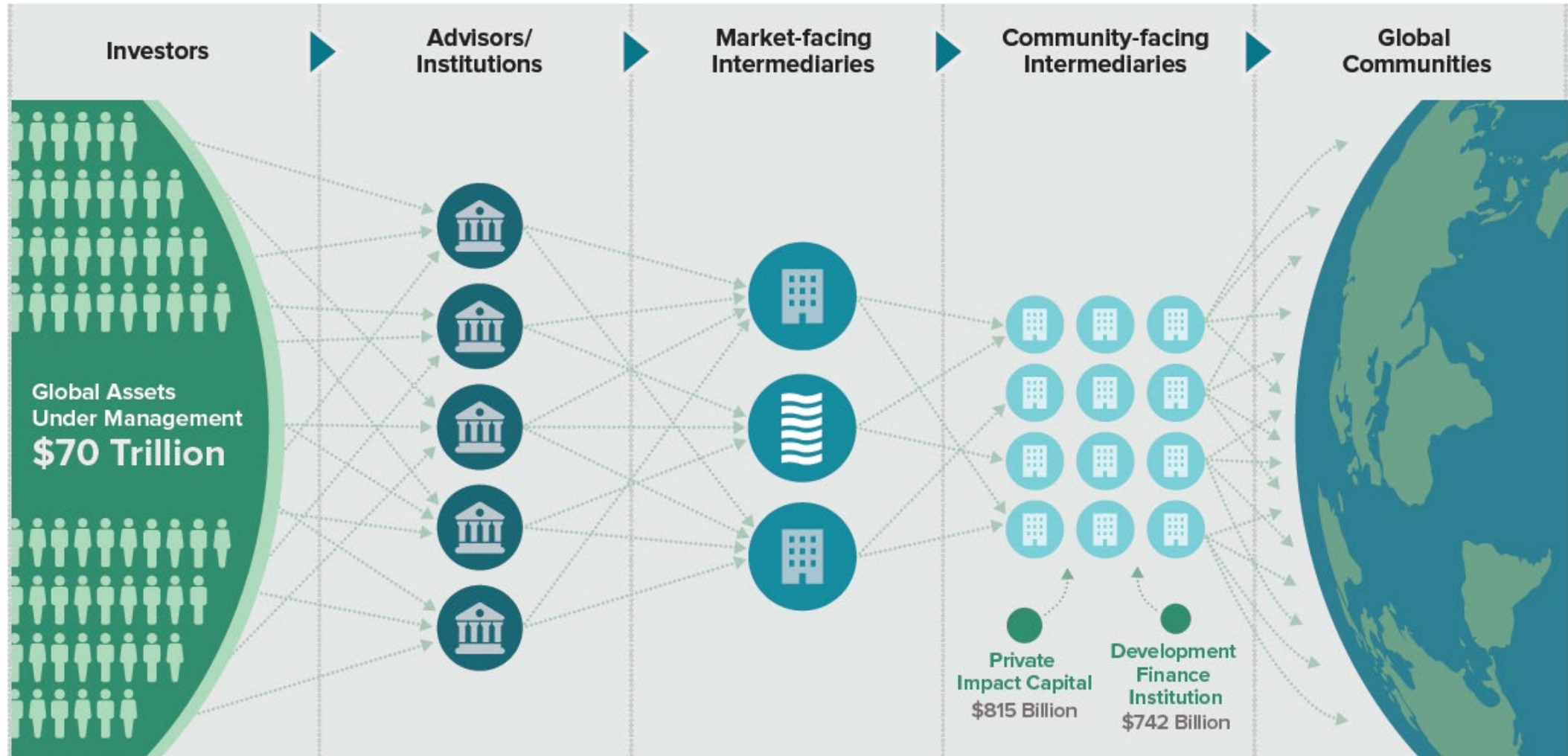
Remain focused on connecting investors to opportunities creating the community-based solutions people and planet need

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Calvert Impact Capital has raised and managed over \$2 billion and currently manages over \$550 million with exposure across the US and in 100+ countries



# We translate between the capital markets and communities



# We have spent the past 25 years raising capital from values aligned investors...



For more information please see our prospectus at [www.calvertimpactcapital.org/prospectus](http://www.calvertimpactcapital.org/prospectus)

We have raised over  
**\$2BN** from more than  
**18,000** individuals and  
institutions and have  
repaid all of them  
**100% principal and  
interest\***

# ... and lending to mission-driven organizations across the US and around the world

We have deployed the **\$2 billion raised** into hundreds of organizations in diverse global communities with a cumulative underlying portfolio loss rate of **less than 1 percent**.

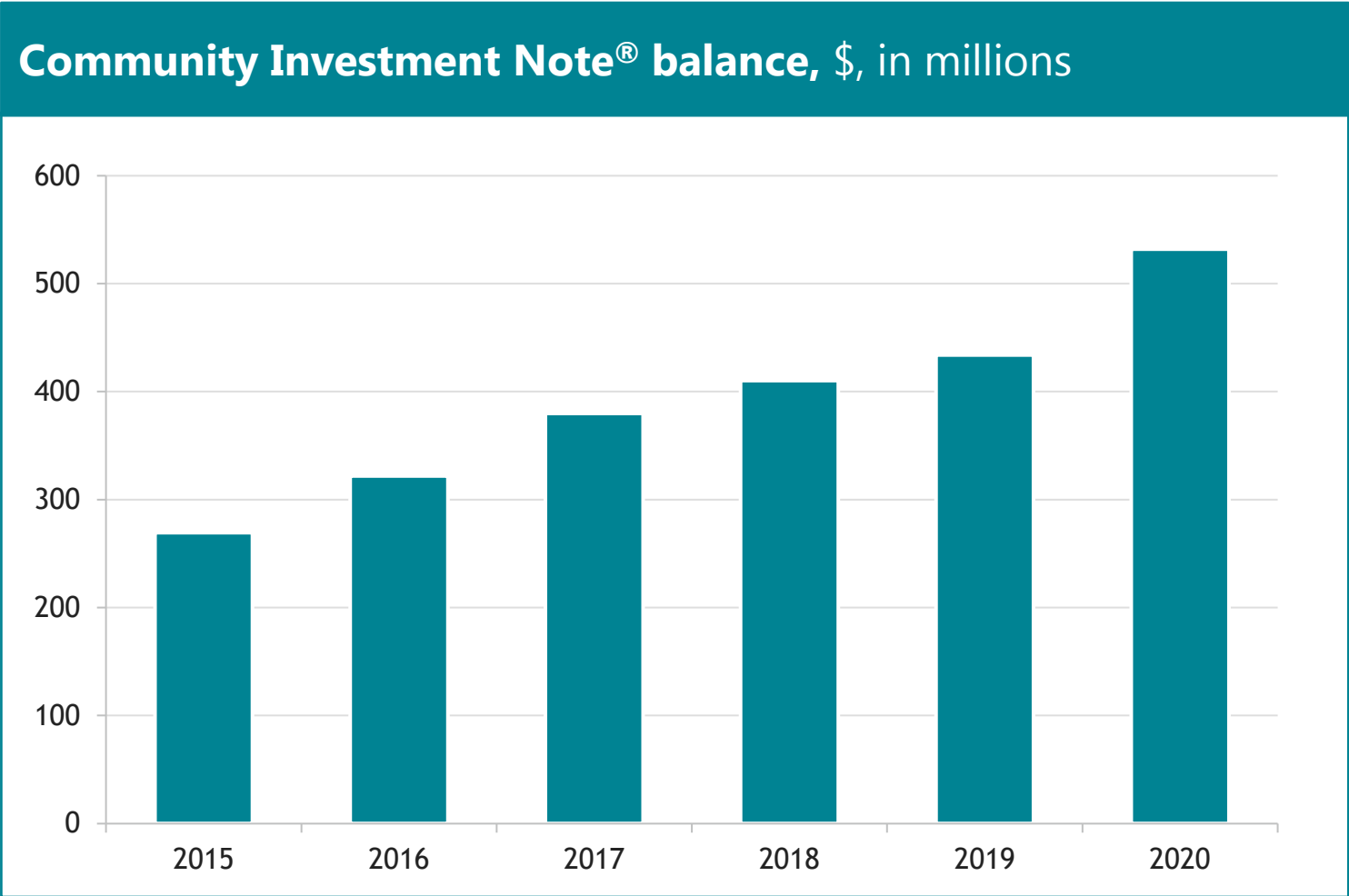


Community Investment Note®

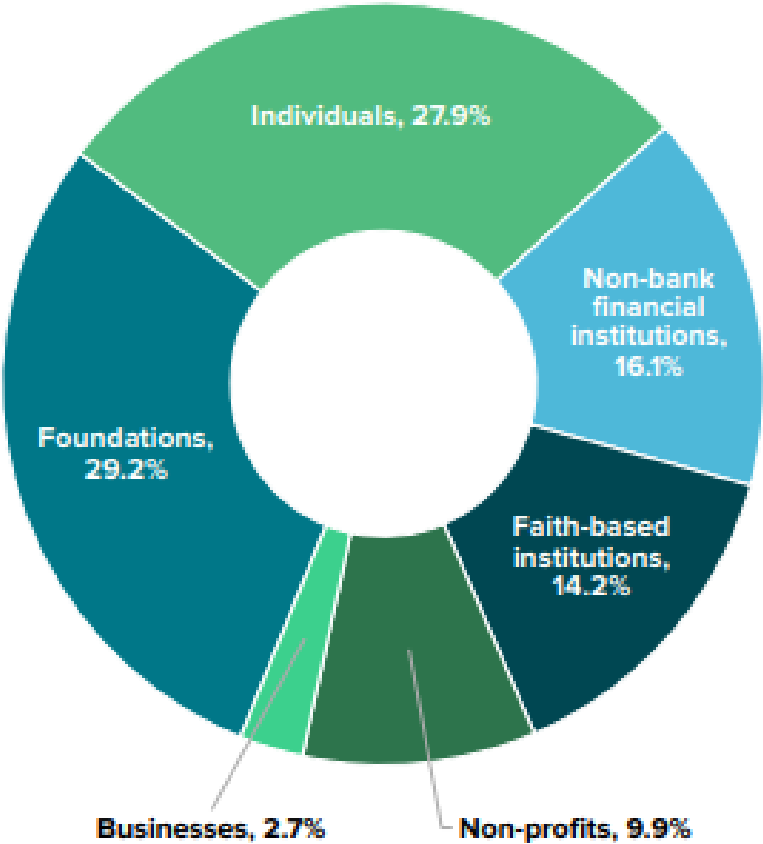


(Small sample of our 100+ borrowers)

# We have seen investor interest in impact translate to strong growth

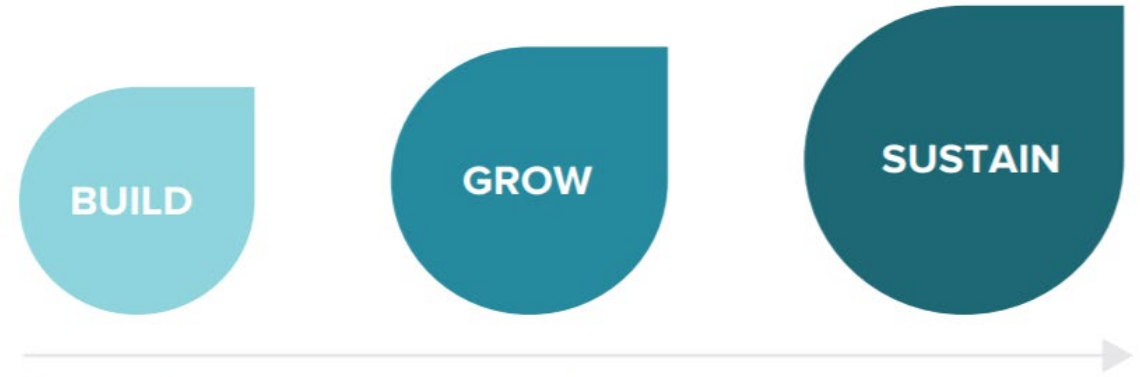


Over 6,130 investors from individuals to many types of institutions





# Our portfolio strategy is to help our borrowers build, grow, and sustain their operations and impact



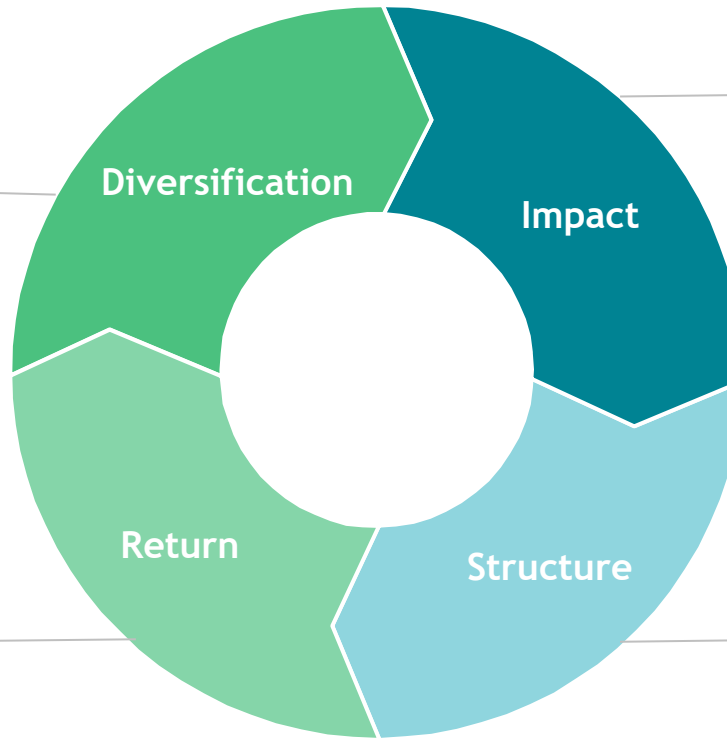
*Our hope is that borrowers who start in the Build category scale over time and expand their reach and impact, thus strengthening the industry's intermediation capacity.*

Strategy	Test new models, structures, approaches	Provide financing to scale proven models	Capitalize strongest partners at scale
Our Value Proposition	Provide demonstration capital for new intermediary solutions/approaches; leverage creative enhancement structures.	Understand borrower and market needs and crowd in other investors; tailor flexible financial products to support growth.	Reduce capital raising costs/complexities for partners; increase capital raising/deployment efficiencies; fuel continued innovation within mature platforms.

# We manage the portfolio across 4 main dimensions

- Intentional diversification: central to mitigating risk, enabling scale, advancing portfolio impact
- Primary focus on intermediaries and funds, across diverse geographies, sectors, and product types
- Manage the portfolio to balance larger, low risk profiles with smaller, higher risk profiles

- Target portfolio returns to meet the market, cover our costs, and sustain growth
- Loan-level risk scoring and pricing considers operating costs, risk, and forecasted ROE



- 100% impact: Impact model screens and scores on impact alignment
- Community and portfolio impact imbedded from diligence through life of loan
- Borrower screens for business models with mission embedded

- Creative structuring to translate capital to fit community demand
- Responsive to borrower needs, which vary based on local context, maturity
- Structure to mitigate risks and effectively leverage valuable risk-taking/subsidy dollars (50% of our portfolio is partially secured and/or guaranteed)

**Business performance and impact performance are inextricably linked**



# Our global portfolio is focused on addressing systemic inequities and intractable social and environmental challenges

## We invest in...



Increasing access to capital



Increasing access to quality, affordable basic services



Environmental sustainability and renewable energy

## to address...



Income and wealth disparities

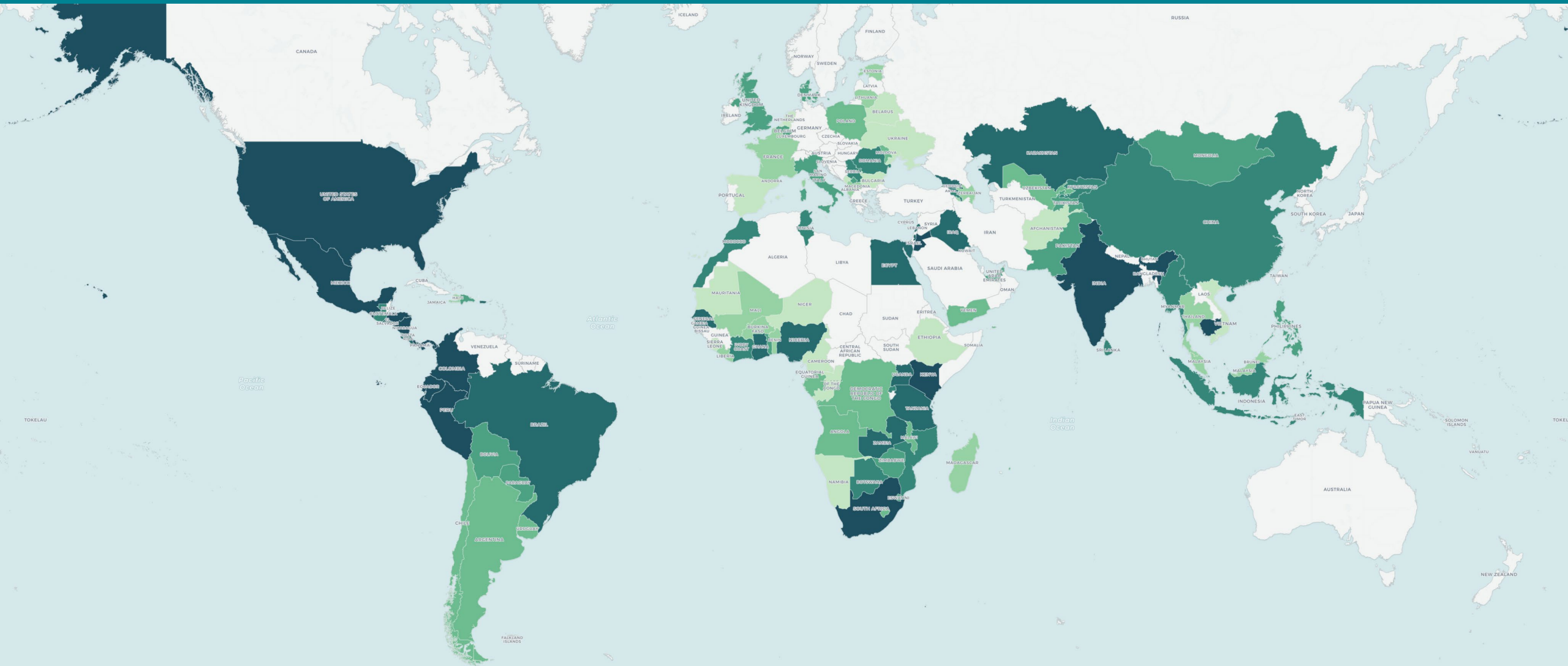


Lack of access to affordable housing, education, and healthcare

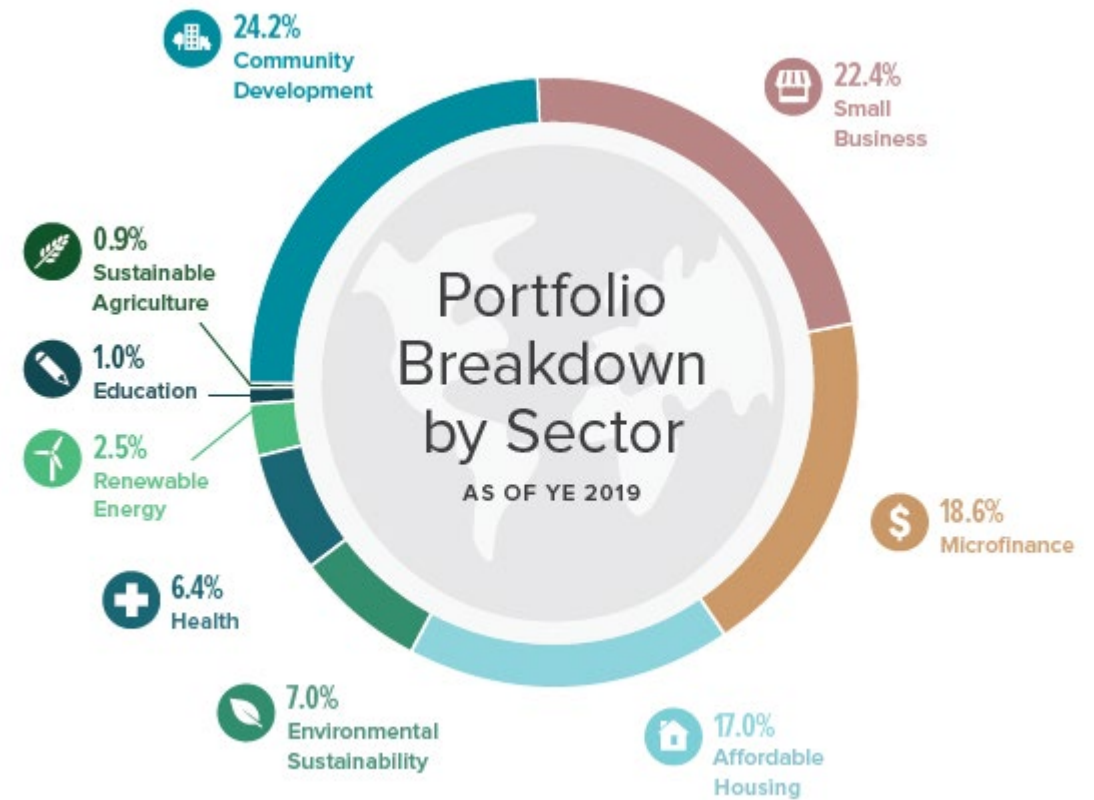


The current and future effects of climate change

# Our capital is deployed in over 100 countries...



# ...and across 9 sectors.





# We measure and report on the impact of every investment

## Some highlights from our 2020 Impact Report

**486,972**

Jobs created or retained in small businesses



**73,945**

Sustainable farmers who accessed capital



**4,361**

School and educational facilities financed



**72,404**

Affordable housing units created or preserved







# Our Impact Measurement & Management

# Impact Measurement & Management (IMM)

How we measure and manage our impact depends on our mission + strategy

Calvert Impact Capital's Mission

Organizational Strategy

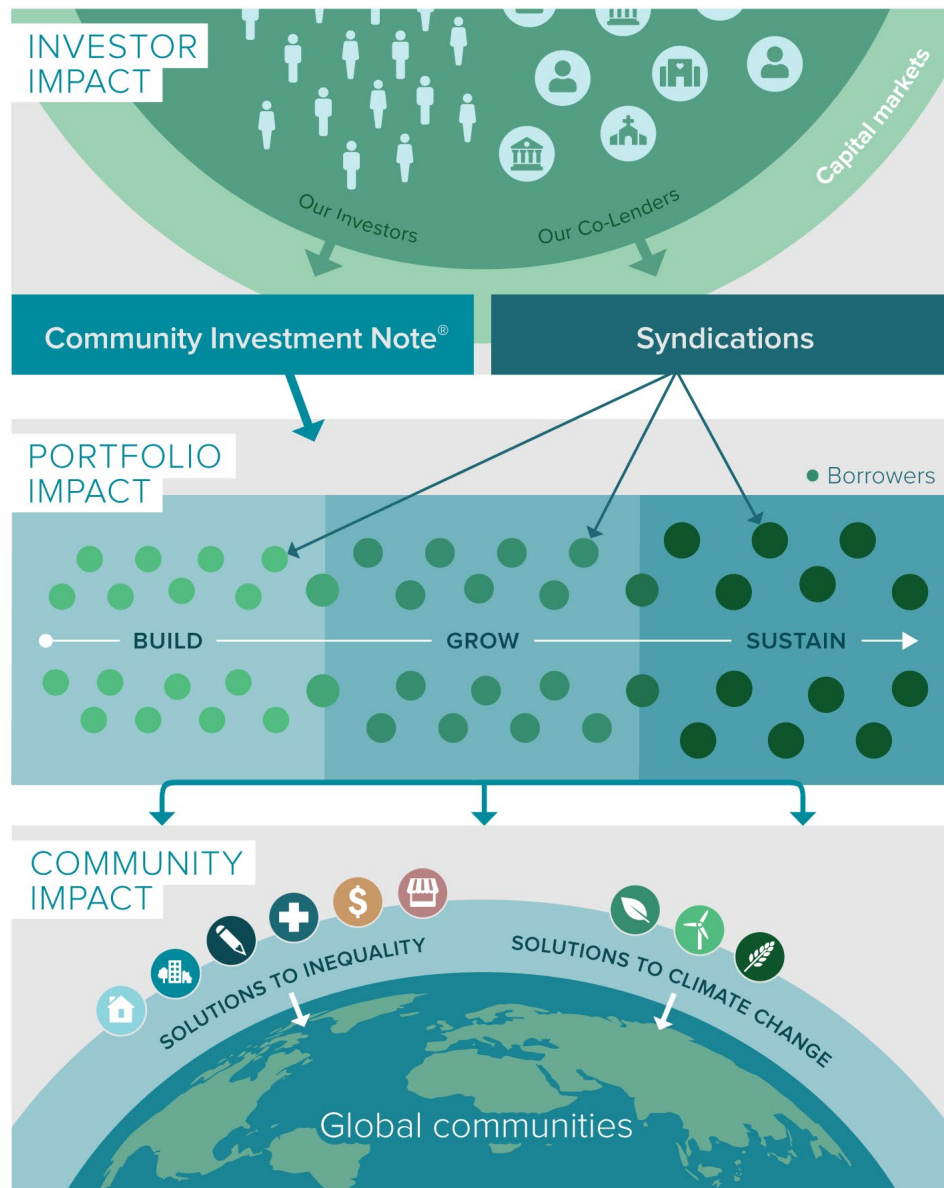
Portfolio & Sector Strategy





# Our Impact in Broader Context

## IMPACT MEASUREMENT & MANAGEMENT FRAMEWORK



### INVESTOR IMPACT

The impact we have on our individual and institutional investor community

### PORTFOLIO IMPACT

The value our capital provides to our borrowers, their growth, and their ability to scale their own impact

### COMMUNITY IMPACT

The outputs and outcomes that our capital helps to achieve in communities on the ground and for the planet

# The industry's impact management practice

Impact measurement & management (IMM) best practice aligns with the investment management lifecycle and can be broken down into 3 core stages



# How we utilize and contribute to the industry's impact management best practices

All of these initiatives contribute to industry convergence and standardization

- **Theories of change** aligned with research + **GIIN's IRIS+** sector strategies
- Piloted the **Impact Management Project (IMP) 5 dimensions of impact** w/ **GIIN Investors' Council**
- **Impact due diligence scorecard** developed w/ **IMP-led investor collaboration**
- **Annual impact data collection** and **public Impact Report**; robust quantitative + qualitative assessment of impact on borrowers, communities, and the planet
- 100% of impact metrics align with **IRIS+** and the **SDGs**
- All new loan agreements require annual impact reporting; all loans monitored quarterly





# IMM Best Practice: Operating principles for impact management

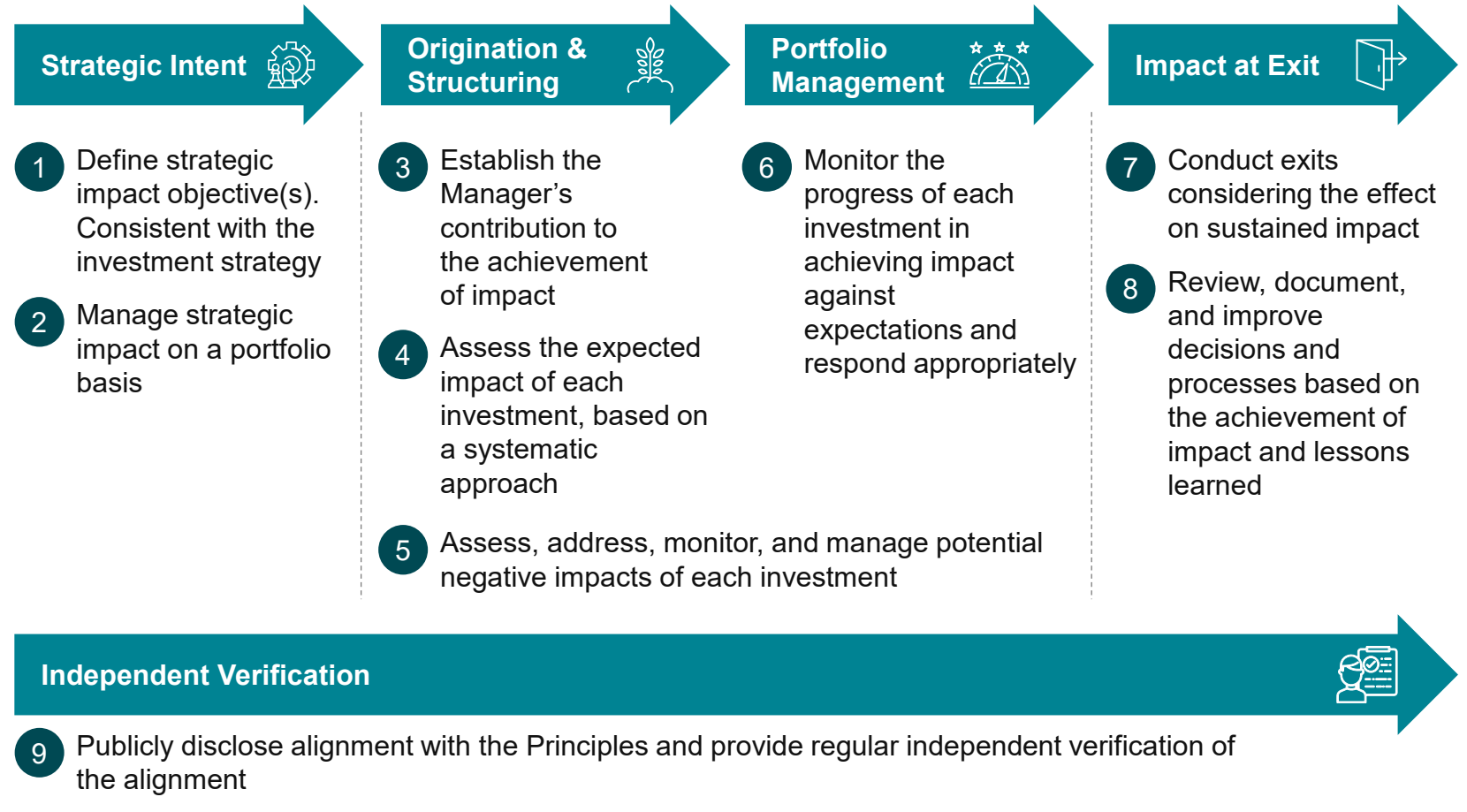
## What are the Principles?

- Spearheaded at the IFC
- Adopted by over 100 leading global impact investors
- An impact investing framework that outlines best practice for impact management

## Calvert Impact Capital

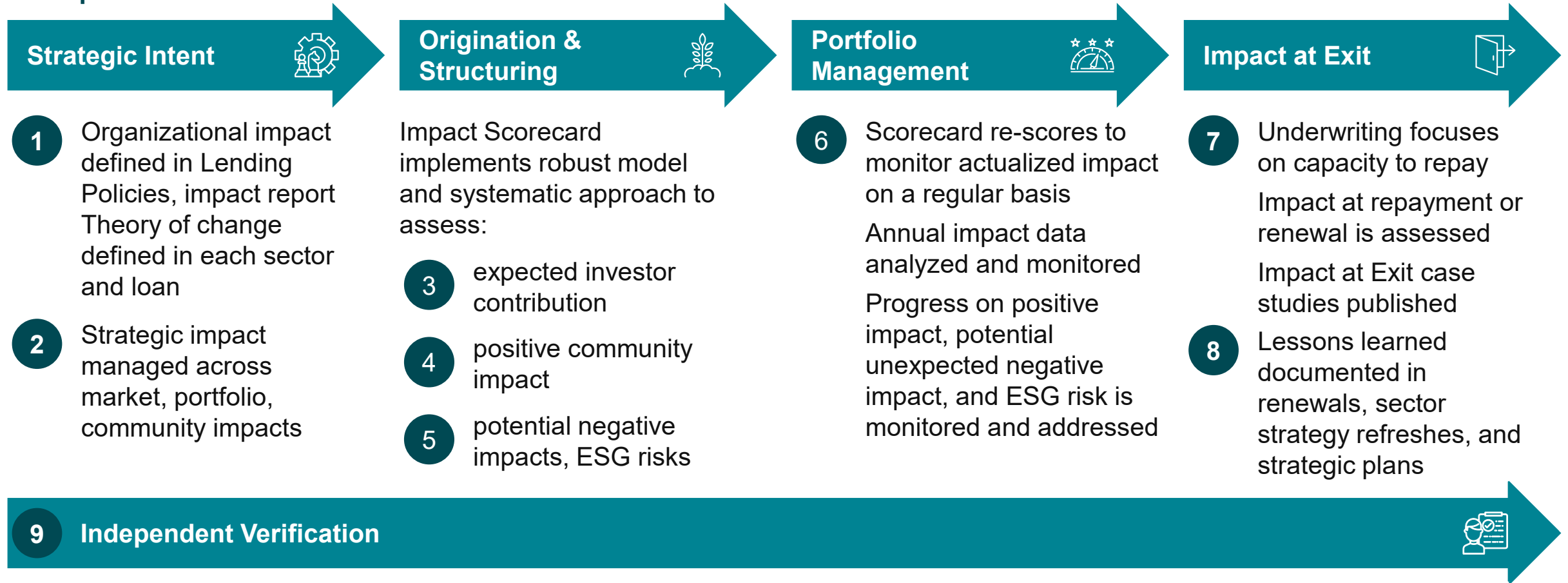
- Is a Founding Signatory
- Serves on Advisory Board
- Releases annual disclosure of IMM practices + regular third party verification of practice

## Investing for impact: Operating principles for impact management



# How our practices align to each of the principles

## Principles:



9 Independent, third party [verification](#) conducted by BlueMark in March 2020

# Deep Dive: Impact scorecard

The Impact Scorecard is our internal impact due diligence model. It will allow us to:



Project the **expected impact** (portfolio + community) of an investment at due diligence



Assess and score the **value** we place on the expected impact of our investment



Align with Impact Principles #3-6

## Scorecard facilitates impact management throughout the life of investment



Assess projected impact at due diligence



Annual impact reporting



Feedback & follow-up with borrowers



Inform strategy and future projected impact



Communicate the unique value of our capital



# The scorecard includes our layers of impact and is built on best practice



## Portfolio + Market Impact



Investment Purpose



Borrower Strategy



Availability of Financing in the Market



Investor Contribution

Customized to our strategy, but based on best practice

Semi-standardized (MDBs)



## Community Impact



**WHAT** impact do they seek to achieve?



**HOW MUCH** (scale + depth)



**WHO** and **WHERE**



Borrower Contribution



Impact Risk



ESG Factors

Standard components based on IMP 5 dimensions

# The model includes key questions to reflect strategy



Market + Portfolio Impact

## Investment Purpose, Market Context, Borrower Strategy – 5 pts

- Market landscape: What is the borrower's place in the market (the specific sector, geography, or other context) given the sector and geographic context?

## Financial Additionality (Contribution) – 21 pts

- What is the availability of our type of capital in this market?
- Would the borrower be able to obtain similar financing?
- Does the borrower require flexible capital?
- Part of a **Syndication**?
- Are we **catalyzing** additional capital?

## Non-Financial Additionality (Contribution) – 11 pts

- Are we **signaling** to the market that this is an investable opportunity to ultimately attract additional capital?
- Are we taking a risk that other lenders perceive too high to **demonstrate** or prove the effectiveness of the model?
- Are we providing **advisory** services, technical assistance, or other feedback?

## WHAT is the impact, ToC, metrics – 5 pts

- What is the borrower's sector strategy?
- Does their strategy align with our ToC?

## HOW MUCH – scale – 5 pts

- Primary output metric + comparison to internal benchmark

## WHO and WHERE – 5 pts

- Who is the target stakeholder?

## HOW + Depth (borrower contribution) – 15 pts

- Market access gap + impact of non-lending activities
- Do they collect outcome metrics?

## Impact Risk – 15 pts

- Evidence, execution, alignment, unexpected negative impact

## ESG Policies – 12 pts

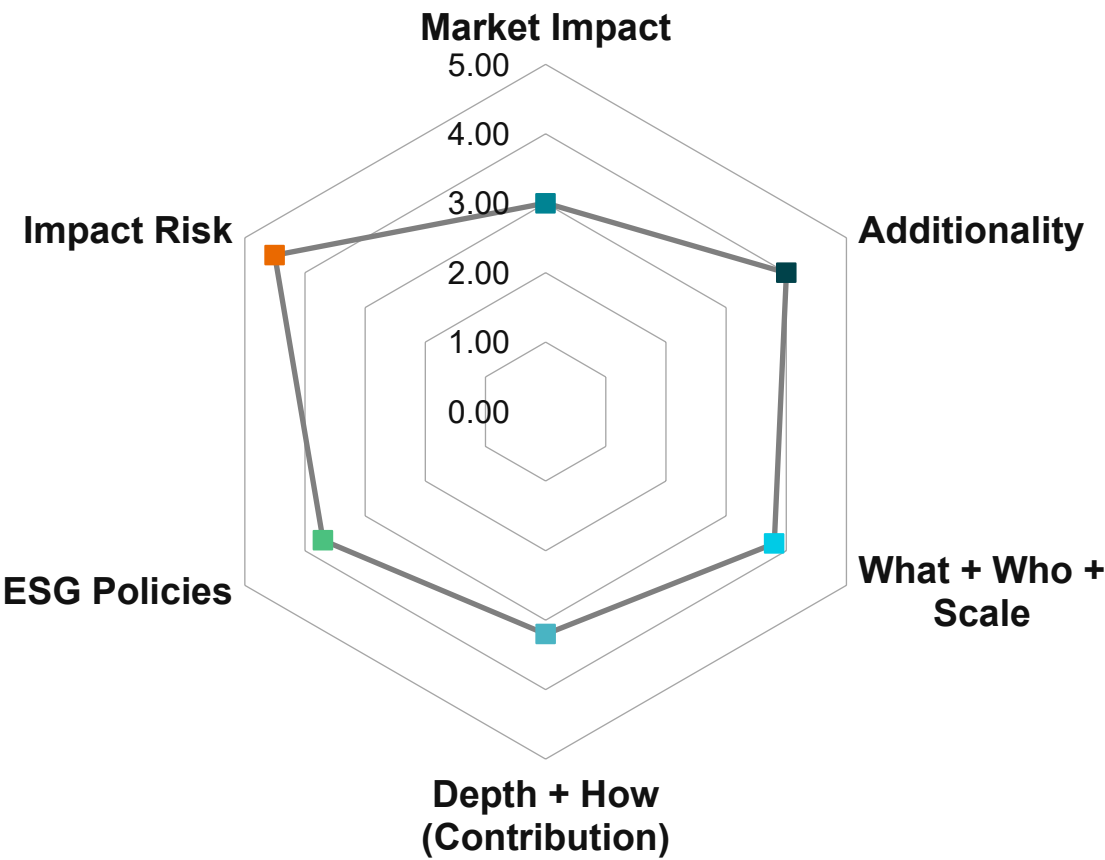
- Does the borrower have internal ESG policies?
- Do they have formal investment screens (ESG + impact)?
- Diversity & inclusion policy, gender equity on Board and leadership



Community Impact

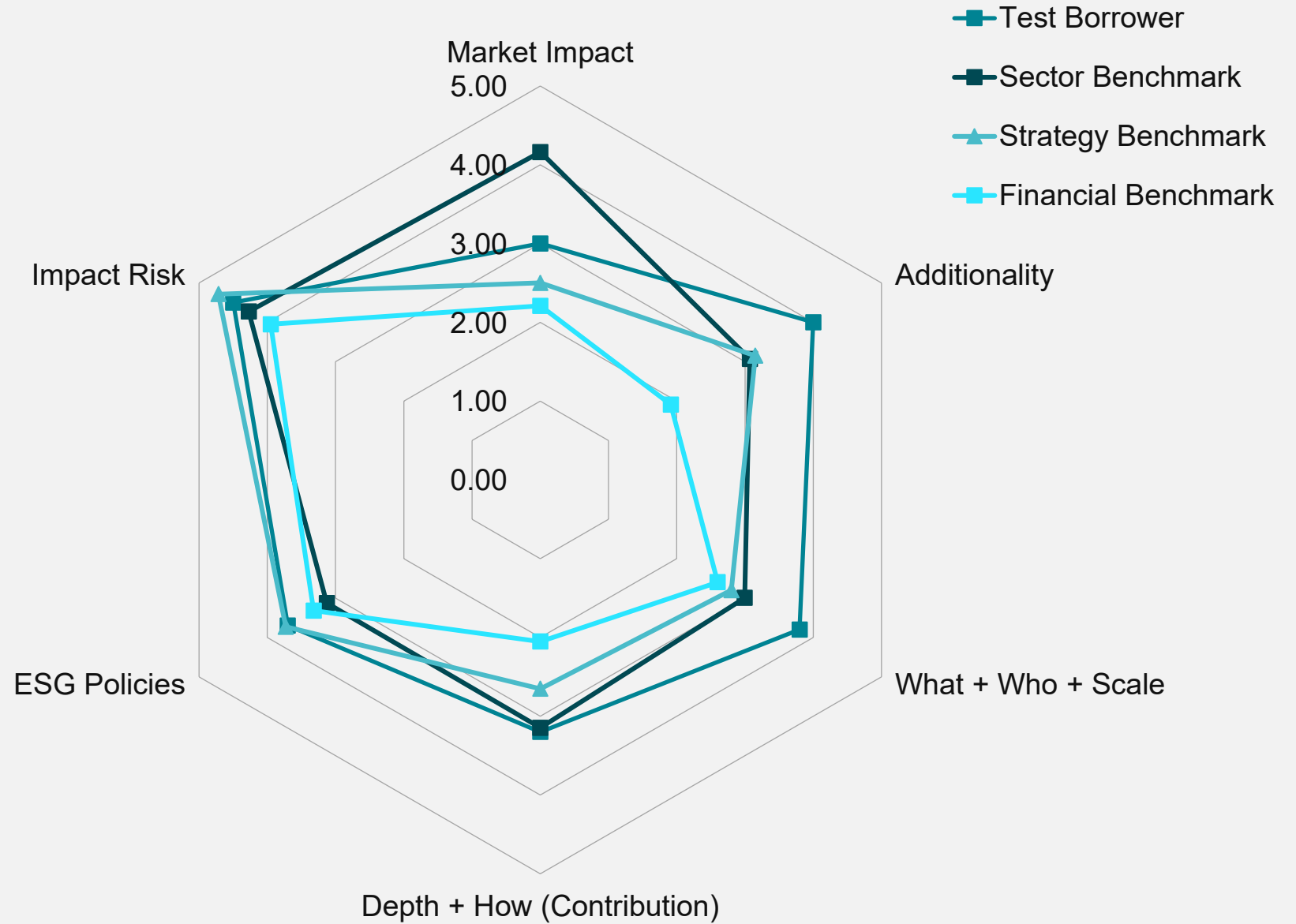
# Each loan has a score profile to show impact across dimensions

Borrower Performance on Impact Dimensions	
<b>Market Impact</b> The value our financing provides to the markets in which we operate (sectors, geographies, etc.)	<b>Additionality</b> The financial and non-financial additive value, beyond what is available in the market, that we bring to the borrower
<b>What + Who + Scale</b> The projected outputs for communities, who is impacted, and the potential scale of impact	<b>Depth + How (Contribution)</b> The longer-term outcomes of the borrower's financing, non-lending activities that augment their impact on communities, and the potential to contribute to solution given the size of the problem
<b>ESG Policies</b> ESG or impact policies; impact screening policies, diversity & inclusion policies, gender composition of management and Board	<b>Impact Risk</b> Risks that projected impact may not be achieved, including: evidence, execution, unexpected negative impact, alignment; higher score indicates lower risk



Different benchmarks can be used to show comparisons during analysis and loan review

Borrower Performance Against Benchmarks





# Deep Dive: Post-Investment Monitoring

- We monitor the impact of the portfolio in four ways

