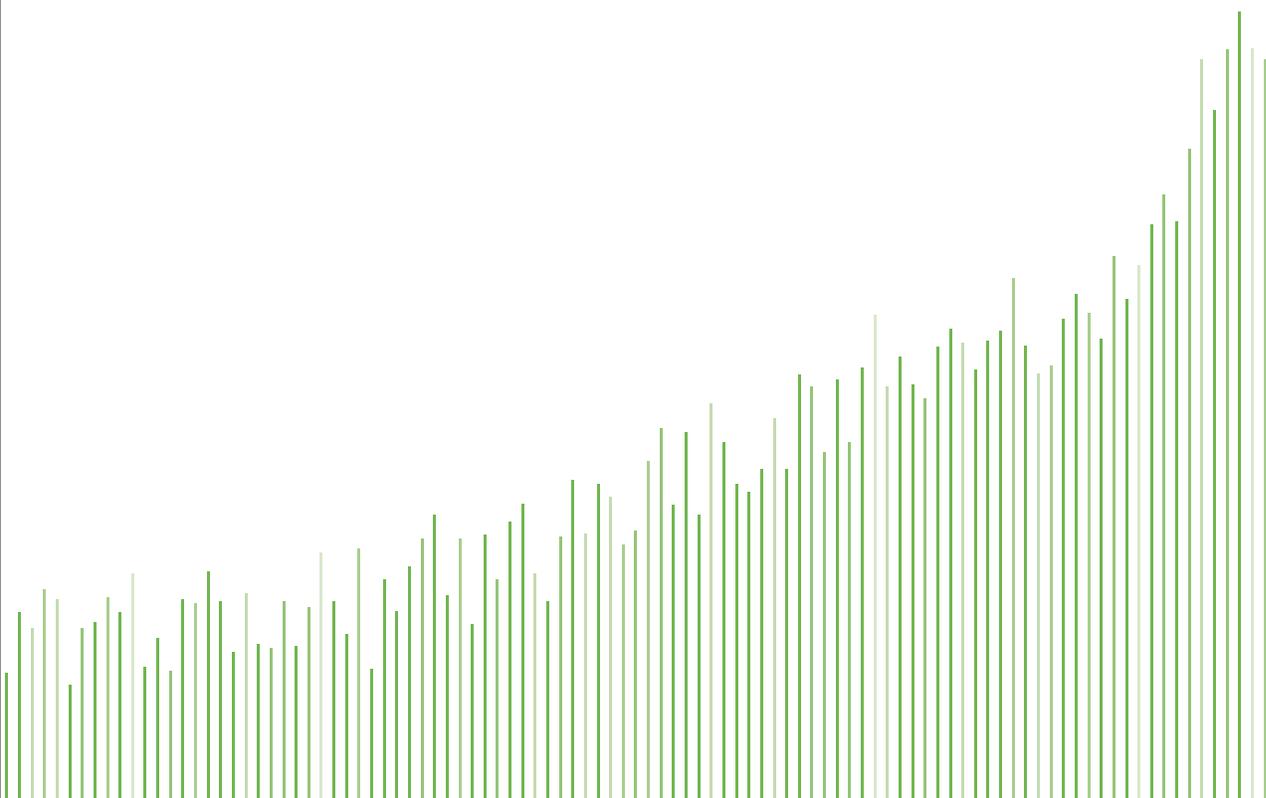




# Understanding Impact Performance:

## Quality Jobs Investments



# Acknowledgments

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We are incredibly grateful for the thought partnership and data contributions of study participants.

For the full list of contributing organizations, please see Appendix 1.

## Advisors and Reviewers

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## About the Global Impact Investing Network (GIIN)

The Global Impact Investing Network (GIIN) is the global champion of impact investing, dedicated to increasing the scale and effectiveness of impact investing around the world. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. For more information, see [www.thegiin.org](http://www.thegiin.org).

# Letter from the Research Director

Dear Reader,

Now more than ever impact investors need a granular understanding of their impact performance results to be most effective in supporting quality employment—arguably one of the most crucial challenges of our generation.

At a time when impact investing capital is growing with even more commitments by investors to combat our global challenges, this study demonstrates how the wider industry and investors can use data, rigorous methods, and performance tools to drive stronger results in two key ways.

Firstly, it examines how investors can differentiate their investment results on the basis of impact, with IRIS+ aligned real-world impact performance data and applying the methods laid out in COMPASS as a standard way to analyze and compare impact data. With a standard method, investors can compare performance with their peers in a reliable way, indeed even compete with peers, to strengthen performance.

Secondly, using the same process, but considering results from another perspective, investors can compare their performance to a threshold of change that's needed to tackle the global challenge they aim to address.

Utilizing impact results from several angles allows investors to make more informed choices throughout the investment cycle, adjust their approach, and further enhance their impact performance. This study shows that it is possible to be even more effective through an appreciation of investor contribution. The extent to which investors' inputs – their capital, engagement, and terms – influence results, serves to better inform investor decision-making.

Some investors are courageously heeding a call to action – to share their data and scrutinize their results from several dimensions of impact: scale, pace, and efficiency. Without these leaders, this study and the future work required to construct the impact performance eco-system would not be possible. We applaud their commitment.

Importantly, this series of impact performance studies represent one step in a much bigger vision that the GIIN holds to transform financial markets. In coming months, the GIIN will launch the first publicly available impact performance benchmark. This new horizon – impact performance benchmarks – is critical infrastructure for the industry, not only for investors of course, but especially for investment service providers seeking to emulate.

These developments – analyzing comparable investment data at scale, deploying standard IRIS+ metrics and the COMPASS methodology, and then the impact benchmark infrastructure – are all part of the vital process to ensure impact is central to every investment decision so that markets work fairly and inclusively for all. Especially at this time, knowing what investor action can be deployed to be most effective in improving the quality of employment, is a most welcome inspiration.



Yours in research,

Dean Hand

A handwritten signature in black ink that reads "GHand". The signature is stylized and cursive.

Dean Hand

Director of Research, Global Impact Investing Network

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# Purpose and study motivations

Comparing and assessing impact performance is critical to increasing the effectiveness of impact investing. Investors around the world are growing their capital allocations toward impact-oriented strategies, deepening their approaches to impact measurement and management, and, anecdotally, becoming progressively better aware of the variety of strategies available to influence impact results. In an increasingly sophisticated industry, nearly all impact investors (97%) indicate that they make impact investments because they have a mission to pursue impact.<sup>1</sup> Repeat respondents to the GIIN's survey have increased their impact assets under management at a 17% compound annual growth rate.<sup>2</sup> Yet, despite clear growth in commitments and capital directed to impact, global inequities and the climate crisis continue to worsen. The extent to which impact capital is meaningfully contributing toward the progress needed to achieve global development targets remains unclear. And a gap in impact analytics is palpably clear to impact investors, 84% of whom report they cannot compare their impact performance to the market. This hinders global progress and gives rise to impact-washing.

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**Equipped with the requisite tools, investors will be better enabled to effectively and efficiently use their capital and other levers of influence to contribute to progress against environmental and societal challenges.**

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As a result, investors are demanding tools and resources to deepen their insight into impact performance, most commonly impact benchmarks as cited by 92% of impact investors.<sup>3</sup> Investors lack many of the analytic tools they need to make critical investment decisions based on impact during their portfolio construction, investment selection, management, and exit. Equipped with the requisite tools, investors will be better enabled to effectively and efficiently use their capital and other levers of influence to contribute to progress against environmental and societal challenges.

In response, the GIIN's impact performance studies seek to explore both impact performance across a sample of investments and an analytic approach that enables rigorous impact comparison across investments.<sup>4</sup> This particular study, focused on impact investments that seek to enhance quality jobs, builds on the IRIS+ system for impact measurement and management and the COMPASS methodology for comparing and assessing impact. Published by the GIIN after a public comment period that engaged more than 300 industry stakeholders, COMPASS enables investors and service providers alike to integrate comparable impact throughout the investment process at scale, paving the way for impact performance benchmarks. Each iteration of impact performance studies has led to greater insight into how to understand impact performance, not only refining each specific impact theme but also building towards a pragmatic, standard methodology for comparing the impact of investments in terms of an investor's contribution toward solving global challenges.

This third iteration of impact performance studies applies COMPASS to offer insight toward various angles of impact performance, and lays the foundation for benchmarks, specifically seeking to:

- consider the impact results associated with a sample of impact investments seeking to enhance quality jobs, reflecting impact at a point in time (i.e., scale of impact) and over time (i.e., pace of change);
- assess impact performance within the broader context of social and environmental challenges, specifically by assessing the impact results of impact investments seeking to reduce gender inequity in the workplace relative to global thresholds;
- explore impact reasonably associated with a given tranche of capital using investment-weighted impact results and examining how investors can contribute to impact through stakeholder engagement, capacity-building support, and flexible or catalytic structures;
- offer insights on what may be required from investors, industry-builders, and data service providers, among others, to yield deeper insights from comparable impact analytics; and
- equip investors with the information and tools they need to increase the effectiveness of their impact capital.

This study demonstrates how investors can begin comparing investments based on impact, not only highlighting impact performance across this sample of investments but also exploring investors' contribution to that impact in terms of the progress so far in supporting quality jobs. Fundamentally, this research is intended to cultivate the suite of impact analytic tools to come, such as impact performance benchmarks, ratings, and indices. Its specific findings highlight the tremendous need for further research to enhance the industry's insights into impact performance and its drivers, enabling evidence-based decision-making. Ultimately, through this research and related efforts, the GIIN seeks to enable investors to optimize for impact at each stage of the investment process, accelerating progress toward global goals.

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**Fundamentally, this research is intended to cultivate the suite of impact analytic tools to come, such as impact performance benchmarks, ratings, and indices.**

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# Report methodology

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**Given the breadth of this report's focus, participating investors have allocated their capital across sectors, through varied investment instruments, and to companies of differing levels of maturity.**

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## Sample scope

This study explores the impact of impact investments with a focus on creating and supporting quality jobs. Given the breadth of this focus, participating investors have allocated their capital across sectors, through varied investment instruments, and to companies of differing levels of maturity. Respondents shared investment-level, annualized impact performance data on direct impact investments, following the GIIN's definition: investments made with the intention to generate a positive, measurable social or environmental impact alongside a financial return. Investments made indirectly—or through funds or other intermediaries—were not included in this study in order to ensure sufficient comparability of results.

## Research process

This study builds upon the expertise and feedback of its participants, third-party thematic experts, and specialists in impact measurement. A full list of study participants and experts may be found in Appendix 1. These organizations offered input throughout the research process:

**Questionnaire design:** The data-collection instrument was built using the IRIS+ Core Metrics Sets in Quality Jobs, which were informed through an in-depth, multi-stakeholder consultation held from November 2020 to January 2021. Soliciting input from investors, companies, and thematic experts, the process took into consideration investors' theories of change, relevant metrics substantiated by an evidence base, the feasibility of collecting data across those metrics, and the necessary variables or considerations for segmentation during analysis. This process informed emerging metrics sets, which were additionally compared with guidance from other industry leaders, such as the International Labour Organization. The questionnaire also captured data on investee and investment context in addition to impact results. Select investors and experts reviewed and offered feedback on a draft questionnaire for further refinement prior to data collection.

**Data collection:** The questionnaire was circulated among 440 impact investors in May 2021. This outreach list was built based on the GIIN's database of impact investors and expanded upon based on those who participated in the IRIS+ Working Group for the quality jobs impact theme. Respondents submitted data for inclusion in the study through September 2021. Submissions were reviewed by the GIIN Research Team; to enable meaningful and accurate analysis, where responses indicated inconsistencies or required clarification, respondents were invited to share additional insight and further describe the context in which those investments were made.

**Analysis and drafting:** Submissions were aggregated into a relational database to streamline the analytic process. Building upon the COMPASS Methodology, analysis generally focused on a series of impact pathways that consider both the quantity and quality of a given outcome.\*

In alignment with COMPASS, analysis incorporated various contextual factors which inform the interpretation of impact performance, including variables pertaining to the investment (such as its instrument) and the investee (such as their stage of business). When data permitted, impact results were normalized based on the ratio of the outstanding investment amount to the enterprise value in a given reporting year, in addition to analysis in absolute (or unnormalized) terms. This normalized (or investment-weighted) figure represents the share of impact reasonably associated with a given tranche of capital; it does not, however, imply direct attribution of impact results. Investment-weighted impact results, included in the ‘Investor contribution’ sections of this report, offer insight into the role of investment capital, non-financial support, and stakeholder engagement in influencing outcomes alongside the fundamental role of investees. Analysis primarily anchored on the scale of impact—in other words, impact at a point in time. Where sample size allowed, analysis also explored the pace of impact (that is, change over time); given constraints in sample size, efficiency of impact—the third COMPASS-aligned analytic figure—was beyond the scope of this study. When relevant to a particular impact pathway, analyses also reflect the target pace of change to achieve an SDG or science-based target reflecting planetary boundaries.

The GIIN Research Team produced a draft report and shared sections with a subset of study participants and experts to test the interpretation of findings for resonance and clarity.

SCALE



PACE



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\* The full Methodology for Comparing and Assessing Impact (COMPASS) can be found [here](#).

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**This study expands the industry's knowledge of both impact results and the data collection and analytic processes required to assess those results, yet certain limitations must be acknowledged.**

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## Study caveats

This research expands upon the GIIN's previous work to understand the impact performance of investments across various impact themes. This study expands the industry's knowledge of both impact results and the data collection and analytic processes required to assess those results, yet certain limitations must be acknowledged.

**Self-selection bias:** Participation in this study was optional, and respondents were invited to submit data for any subset of their portfolios. As with all performance research, investors may be less likely to submit data on poor-performing investments. However, this risk is limited, since investors were aware the study would only present aggregated, anonymized results.

**Dataset size:** Findings in this study pertain to the sample of investments included and cannot be generalized to all investments targeting quality employment. It is particularly useful to segment analysis along relevant variables, such as the geographic market or sector in which an investee operates. Naturally, the ability to segment data is constrained by the size of the sample. This study only reported findings when the sample included at least five annualized investments.

**Outliers:** Findings are readily distorted or skewed by the presence of large outliers. This study considered two types of outliers. The first occurs when a single investor comprises a disproportionate share of the overall sample, which risks bias in the results toward their portfolio distribution. The second occurs when a single investment reports especially large performance figures, which causes a divergence between the average and median for some subset of analysis. Where relevant, both types of outliers are noted and sometimes excluded throughout the report.

**Data gaps:** All questions on the instrument were optional, and respondents submitted data for as many metrics as they could. In some instances, when requested data were unavailable, investors consulted their investees to fill in data gaps beyond their regular reporting processes. Data gaps may remain in instances where this was infeasible or imprudent; where a metric may not be relevant to a given strategy, sector, or business model; where respondents faced confidentiality constraints; or where investors are in the early stages of implementing systems to measure outcomes, such as number of employees promoted. Additionally, not all respondents shared data on investment amount outstanding and enterprise value. As a result, the volume of data collected varies by metric and by whether or not the findings were investment-weighted.

# Quality jobs: The foundation of the future of work

To achieve decent, secure, and equitable employment opportunities for all individuals around the world requires shifts in global systems, structures, and investment capital.<sup>5</sup> Today, 19% of the workforce lives in poverty, and two billion workers worldwide—or 61% of the global labor force—are informally employed, experiencing as a result income volatility, low wages, and job insecurity.<sup>6</sup> Forced and child labor persist in many supply chains, particularly in agriculture and informal economies. Three million people die each year as a result of occupational accidents, with 374 million work-related injuries occurring globally.<sup>7</sup> And exploited workers are disproportionately likely to be women, immigrants, and racial minorities.<sup>8</sup> Fewer than half of the world's working-age women are employed, compared to nearly three-quarters of men, and the gender pay gap stands at a global average of 20.5% as of 2020.<sup>9</sup>

Growing income inequality continues to perpetuate a deeply unequal society; in fact, 71% of the global population lives in countries where income inequality has grown since 1990.<sup>10</sup> The result—deepened wealth accumulation—has seen billionaires accruing more wealth than the 4.6 billion people who comprise 60% of the global population and men owning 50% more global wealth than women.<sup>11</sup> Systems of poverty and inequality are exacerbated within workplaces through poor-quality practices.

Poor quality jobs affect not only individuals but also the economy at large. Without steady employment, workers cannot make investments in themselves, their children, or their communities.<sup>12</sup> The economic burdens of occupational safety are an estimated 3.9% of global GDP,<sup>13</sup> and underutilized and unsatisfied employees cost businesses worldwide an estimated USD 350 billion each year.<sup>14</sup>

Yet a global awakening in light of the COVID-19 pandemic is shifting labor norms and making way for a new future of work—one that is just and amplifies the power of workers. Investors increasingly recognize their role in building toward this new future, with capital moving toward supporting increased job security and stability, improved health and well-being in the workforce, increased earnings and wealth, and improved rights and respect for employees. Investments into quality employment are reflected across sectors and throughout the Sustainable Development Goals (SDGs), beyond Decent Work and Economic Growth (SDG 8) into No Poverty (SDG 1), Good Health and Well-being (SDG 3), and Gender Equality (SDG 5), among others. A thriving economy built on stable, supportive, and healthy workplaces is not only possible but imperative.



# Sample Overview

**37**  
INVESTOR ORGANIZATIONS  
managing...

**107**  
INVESTMENT FUNDS  
which have collectively made ...

**486**  
UNIQUE INVESTMENTS  
across multiple years, resulting in ...

**867**  
ANNUALIZED INVESTMENTS.

## Investor organization background

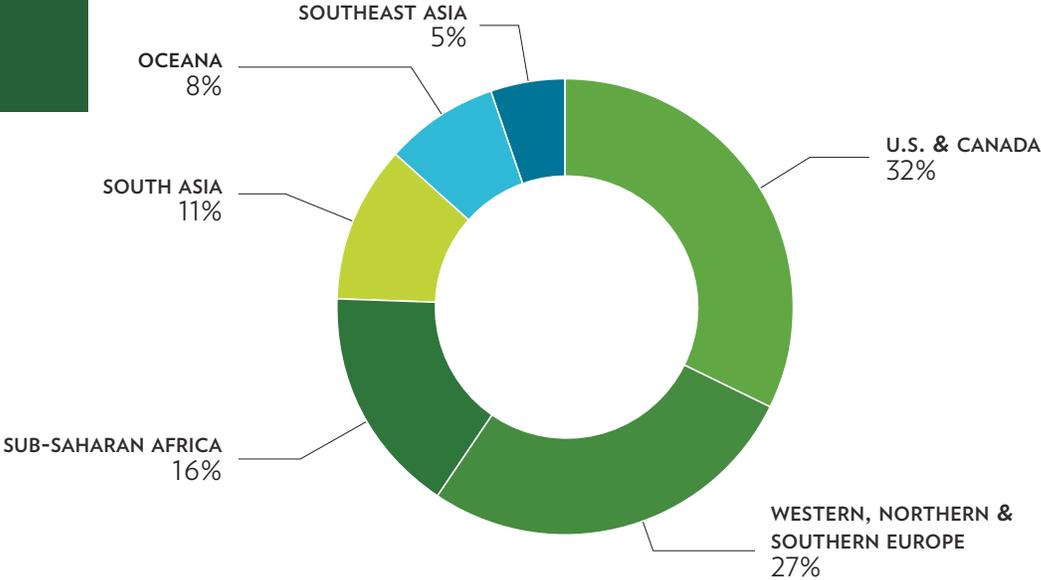
### ORGANIZATION CHARACTERISTICS

In this study, 37 investor organizations shared impact performance data from 107 investment funds on 486 total unique investments, resulting in a sample of 867 total annualized investments across reporting years.

Of investors in the sample, 68% are headquartered in developed markets, and the remaining 32% are headquartered in emerging markets (Figure 1). The largest share is headquartered in the U.S. & Canada (32%), followed by Western, Northern, and Southern (WNS) Europe (27%), and sub-Saharan Africa (SSA; 16%). By country, investors are most commonly headquartered in the United States (27%), India (11%), the UK (11%), and Switzerland (8%).

FIGURE 1: Headquarter regions of investor organizations

n = 37 investor organizations



Source: GIIN, Understanding Impact Performance: Quality Jobs Investments, 2021

Investors included in this sample collectively manage USD 25 billion in impact assets under management (AUM).<sup>\*</sup> The average investor manages USD 734.6 million, while the median manages USD 116 million. Excluding three outlier organizations that collectively comprise 60% of the sample's total impact AUM, the average investor has USD 322.8 million under management. An overwhelming majority of investors (89%) represented in the sample are asset managers, either for-profit (73%) or not-for-profit (16%; Figure 2).

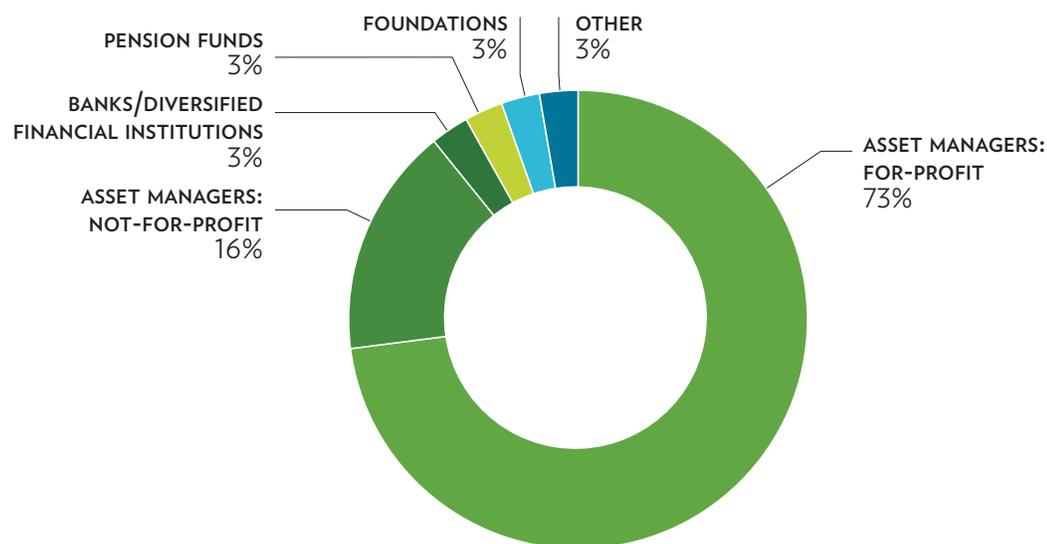
### APPROACHES TO IMPACT MEASUREMENT, MANAGEMENT, AND DECISION-MAKING

Commitment to measuring and managing impact is a hallmark of impact investing. In addition to providing capital, investors can contribute to impact results through the timing, terms, and engagement of their capital throughout the investment process.<sup>†</sup>

As part of their impact strategy, two-thirds of investors (67%) in this sample set both quantitative and qualitative impact targets, while 17% set no impact targets of any kind.<sup>‡</sup> Interestingly, a greater share of investors headquartered in emerging markets set both quantitative (71%) and qualitative (86%) impact targets compared to those headquartered in developed markets (65% and 59%, respectively).

**FIGURE 2: Organization types represented in the sample**

n = 37 investor organizations



Note: 'Other' includes one permanent investment company.

Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

<sup>\*</sup> Assets under management are based on the most recent figures, if publicly available. Otherwise, this figure draws from 2019 year-end data among those investors that also participated in the GIIN's 2020 *Global Impact Investor Survey*.

<sup>†</sup> For more on the Core Characteristics of Impact Investing, see [here](#).

<sup>‡</sup> This section includes information from 24 investors that also participated in the GIIN's *State of Impact Measurement and Management Practice, 2nd edition* report.

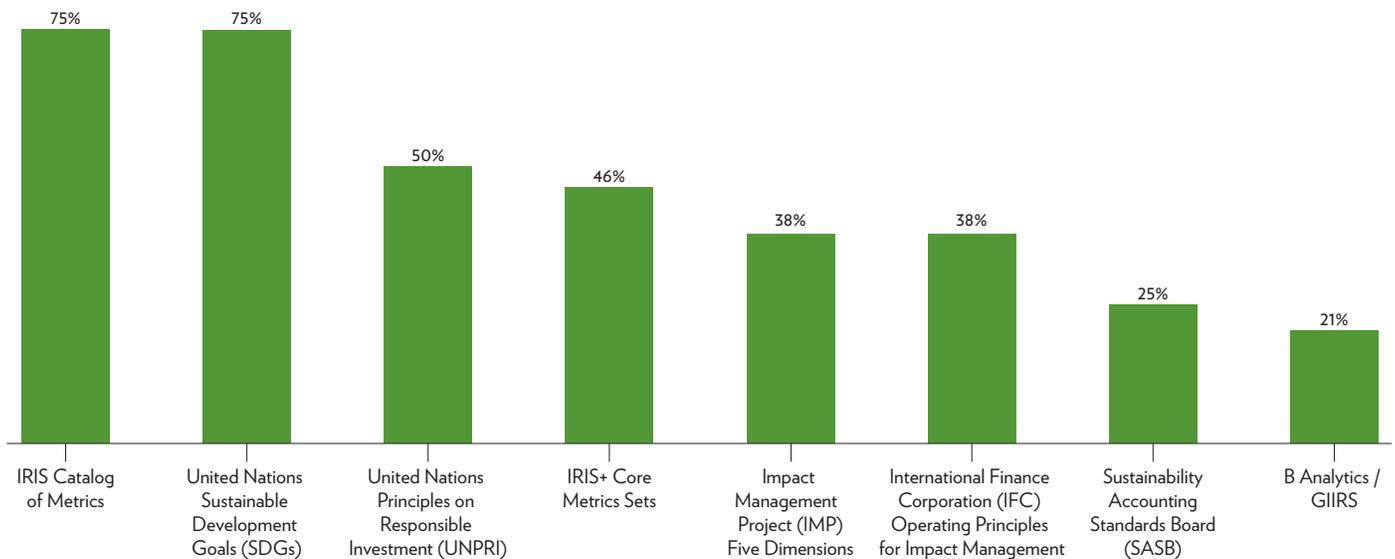
Naturally, investors in this sample primarily target impact through employment (79%); these investors also target impact strategies in health (79%), agriculture (71%), and financial services (71%) across their portfolios.

To effectively track their progress towards positive outcomes and guide their impact measurement and management approaches, investors use a variety of impact tools, systems, and frameworks. Most commonly, investors in the sample rely on IRIS, including the Catalog of Metrics (75%) and the IRIS+ Core Metrics Sets (46%), as well as the United Nations Sustainable Development Goals (SDGs; 75%), and the United Nations Principles for Responsible Investment (UNPRI; 50%; Figure 3).\*

Some impact investors are moving toward mechanisms to hold themselves accountable for their impact performance, with 21% engaging a third party to conduct an external audit or validation. Still, nearly six in ten (58%) of investors indicate that they are not audited or held accountable by a third party for their impact results.

**FIGURE 3. Impact tools, frameworks, and systems used to measure and manage impact**

n = 24 investor organizations



Note: Respondents could select multiple answer options.

Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

\* IRIS+ is the generally accepted system to measure, manage, and optimize impact. Learn more about the IRIS+ standard [here](#). These data are drawn from 2019, shortly after the launch of IRIS+, and do not yet reflect those investors that may have adopted IRIS+ in recent years.

## Investment features

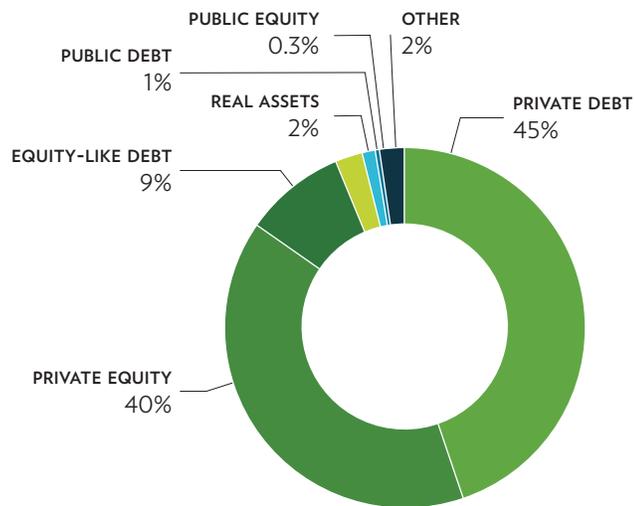
Investors in this sample reported data on 486 unique investments made between 1998 and 2020. The average investment amount outstanding across the sample was USD 6.3 million, and the median was USD 2.2 million.\* Excluding three outliers, the mean for the remaining sample was USD 4.3 million (USD 2.1 million at the median). Investors in this sample most commonly invested through either private debt (45% of investments) or private equity (40%), followed by equity-like debt (9%) and real assets (2%; Figure 4). The average investment in the sample was made in 2017, while the average reporting year was 2019, with an average holding period of four years.†

## Investee features

Investments in quality jobs varied in terms of investee stage of business and geographic region. More than half of all investments in the sample (52%) were made into growth-stage companies, with moderate allocations to seed-/startup-stage (16%), venture-stage (18%), and mature, private companies (11%; Figure 5).

**FIGURE 4: Investment instrument**

n = 386 investments

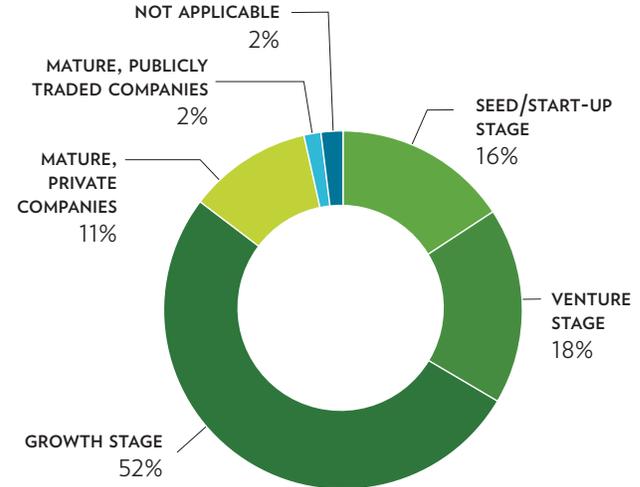


Note: 'Other' includes convertible debt, tax credits, tier II debt and development impact bonds.

Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments*, 2021

**FIGURE 5: Investee stage of business at the time of investment**

n = 458 investments



Note: Respondents selected 'not applicable' for those investments made into real assets (primarily forests or farmland), educational institutions, or non-profits.

Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments*, 2021

\* For a debt investment, 'investment amount outstanding' is defined as the difference between the original loan amount and the principal repaid. For an equity investment, 'investment amount outstanding' refers to the estimated valuation of an investor's stake in the investee as of the end of the reporting year.

† 'Holding period' refers to the number of years since the investment was made.

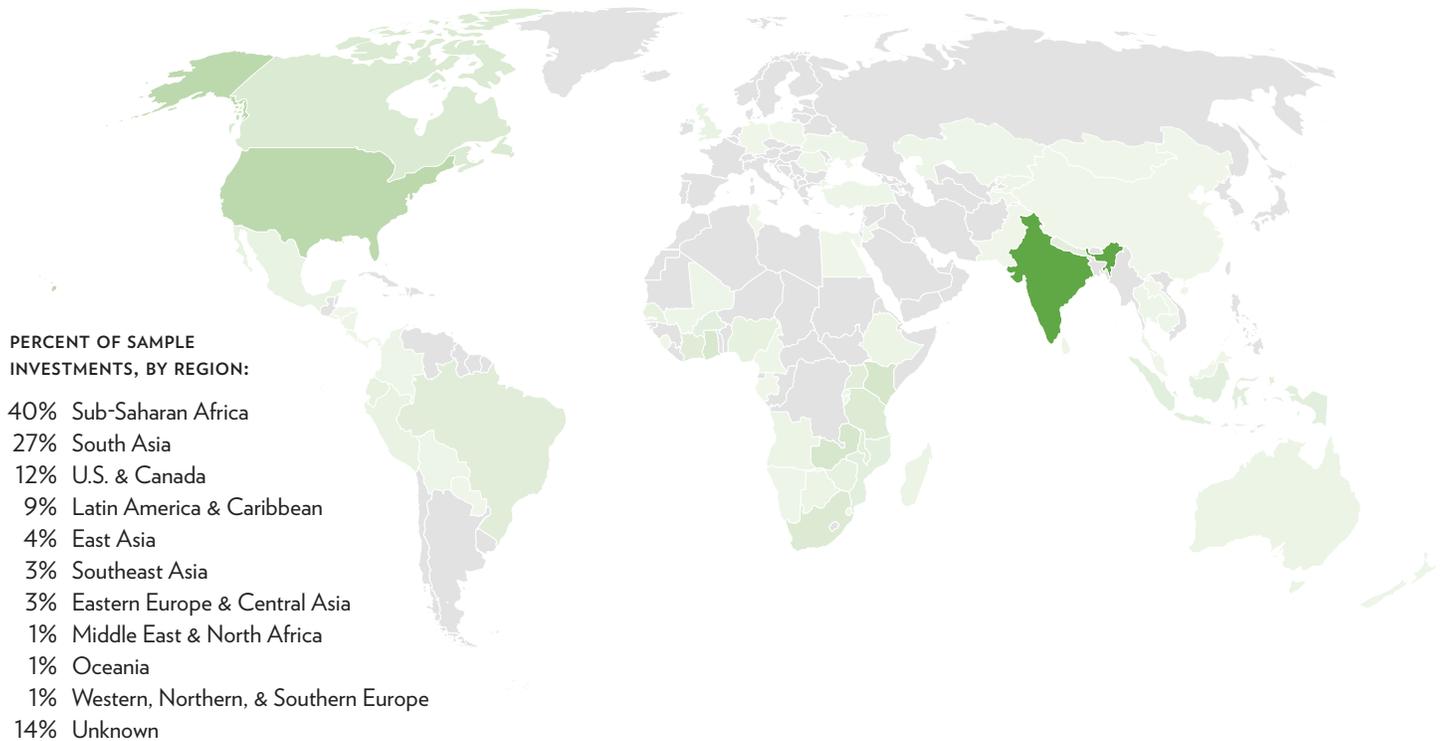
Across the sample, 40% of investments were made into SSA; other common regions of investment included South Asia (27%), the U.S. & Canada (12%), and Latin America & Caribbean (LAC; 9%). Countries with the largest share of investments included India—representing nearly a quarter (24%) of all investments—followed by the United States (9%), Kenya (5%), Ghana (4%), and Zambia (4%; Figure 6). Interestingly, South Asia is the only region with a larger number of investments in seed-/startup- and venture-stage companies (61% combined) than in growth-stage companies (31%).

**FIGURE 6. Countries of investment**

n = 486 investments

PERCENT OF SAMPLE INVESTMENTS BY COUNTRY

0.4%  21%



Note: Respondents could select multiple answer options.

Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

## WHAT IMPACT IS CREATED

Investors focused on supporting quality jobs through their portfolios invest in a variety of sectors. The greatest proportion of investments in this sample were made into food & agriculture (36%), followed by financial services (excluding microfinance; 20%), and microfinance (15%; Figure 7). Unsurprisingly, the most commonly targeted SDGs in this sample include decent work and economic growth (SDG 8; 65%), followed by no poverty (SDG 1; 58%), gender equality (SDG 5; 40%), and reduced inequalities (SDG 10; 40%), likely reflecting how income generation can address various forms of inequity.

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**Investors in the sample are keenly aware that the need for quality jobs is broad and urgent among both unemployed individuals and those employed in less-than-adequate working conditions.**

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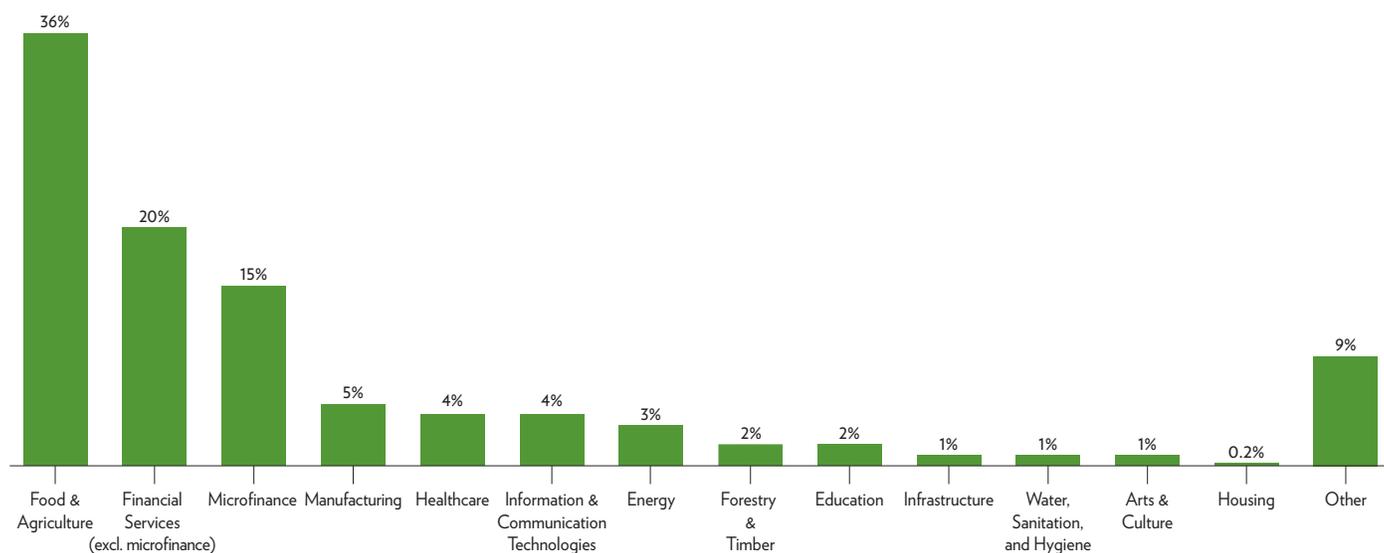
## WHO IS IMPACTED

Investors in the sample are keenly aware that the need for quality jobs is broad and urgent among both unemployed individuals and those employed in less-than-adequate working conditions. While the impact results reflected in this sample focus primarily on direct employees (those employed by an investee organization itself), many investors also seek to promote quality jobs through indirect employment (those employed as a result of the investee's products and services or supply chain). Demographic groups primarily targeted by investors seeking to support quality jobs include individuals living below national poverty lines (39%) and women (36%). One in every five (20%) investments targeted marginalized or historically disadvantaged populations. Several investors shared that the nature of those individuals varied significantly with geographic context, typically including those disadvantaged on the basis of race, ethnicity, or religion.

---

**FIGURE 7: Sectors of investment**

n = 478 investments



Note: 'Other' includes hospitality, tourism, robotics, and estate services. A single investment can pertain to multiple sectors.

Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

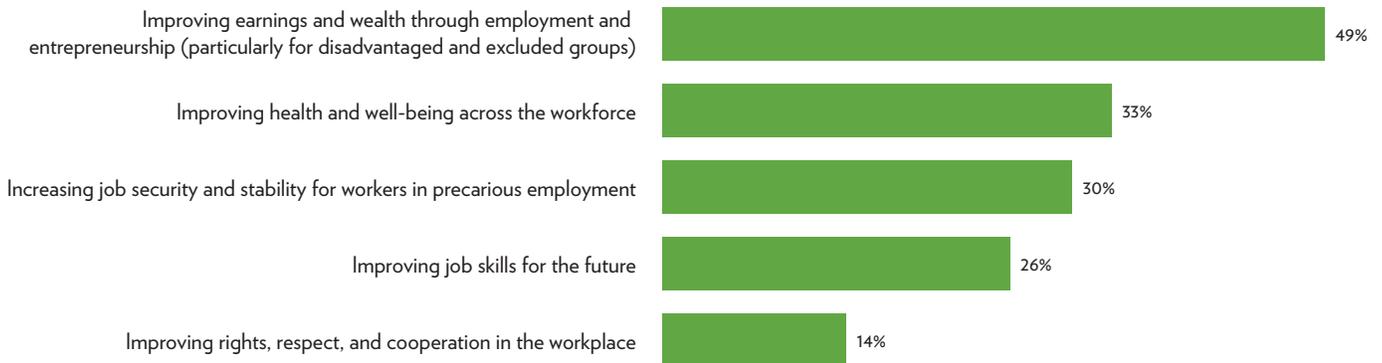
## HOW IS CHANGE HAPPENING

Given the multidimensional nature of quality employment, investments in this sample create impact through various approaches and strategies that ultimately enhance job skills, reduce inequalities, increase income, and improve occupational safety. About half of investments in the sample (49%) seek to improve earnings and wealth through employment and entrepreneurship (particularly for disadvantaged and excluded groups), a third (33%) seek to improve health and well-being across the workforce, and just under a third (30%) seek to increase job security and stability for workers in precarious employment (Figure 8).

Investors can deploy a range of strategies to inform and influence impact results, contributing to key outcomes by engaging with stakeholders, providing non-financial support, and employing catalytic investment mechanisms. While investors can engage directly with affected stakeholders to help ensure their needs are reflected in impact results, over half (52%) reported that although their investees engage with end stakeholders, they themselves do not. Investors who do engage directly most commonly monitor stakeholder satisfaction (21% across all investments in the sample) and collect impact data from stakeholders via interviews and/or surveys (14%).

**FIGURE 8: IRIS+ strategic goals targeted**

n = 300 investments



Note: Respondents could select multiple answer options.

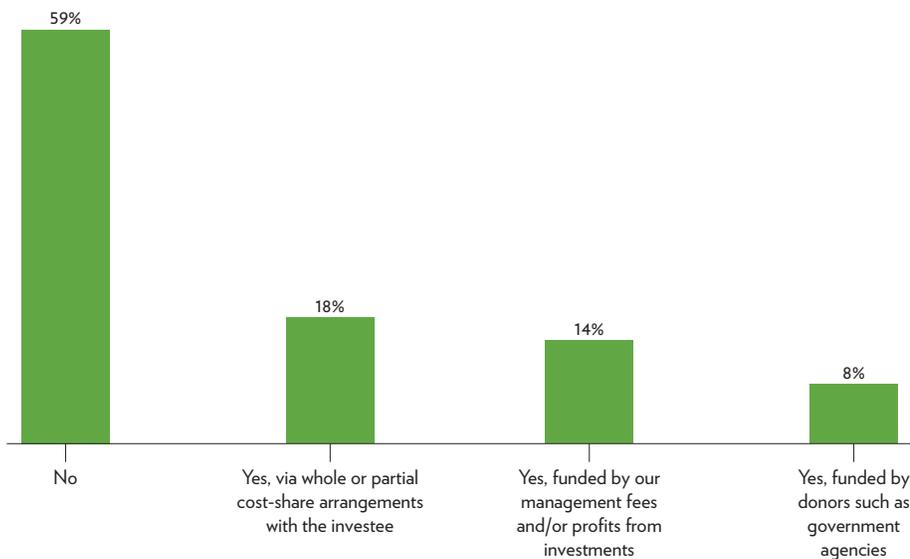
Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

Investors structured about two-thirds of investments in the sample (67%) to include a catalytic component, with 29% of investments structured as debt with flexible terms, 21% structured as equity in an ‘all-catalytic capital’ structure, and 12% structured as subordinated debt.\* Interestingly, nearly six in ten investments (59%) included no capacity-building or non-financial support of any kind (Figure 9). Across the sample, capacity-building or non-financial support was provided for 18% of investments through whole or partial cost-share arrangements with the investee, while 14% funded support through their own management fees or profits from investments. For 8% of investments, such support was funded by donors, such as government agencies.

Investees provided benefits and trainings to all employees in 218 investments, most commonly offering health insurance (63% of investments), paid family leave (46%), and paid sick leave (41%) in terms of benefits and formal training programs or workshops to facilitate relevant skill-building and professional development (63% of investments) in terms of trainings. Surprisingly, training in diversity and inclusion (D&I) was only provided to employees in two investments in the sample, perhaps highlighting an area requiring more focus by impact investors.

**FIGURE 9: Capacity building and/or non-financial support provided across investments**

n = 364 investments



Note: For those that indicated they provide capacity-building or non-financial support, respondents could select multiple answer options indicating how it's funded.

Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

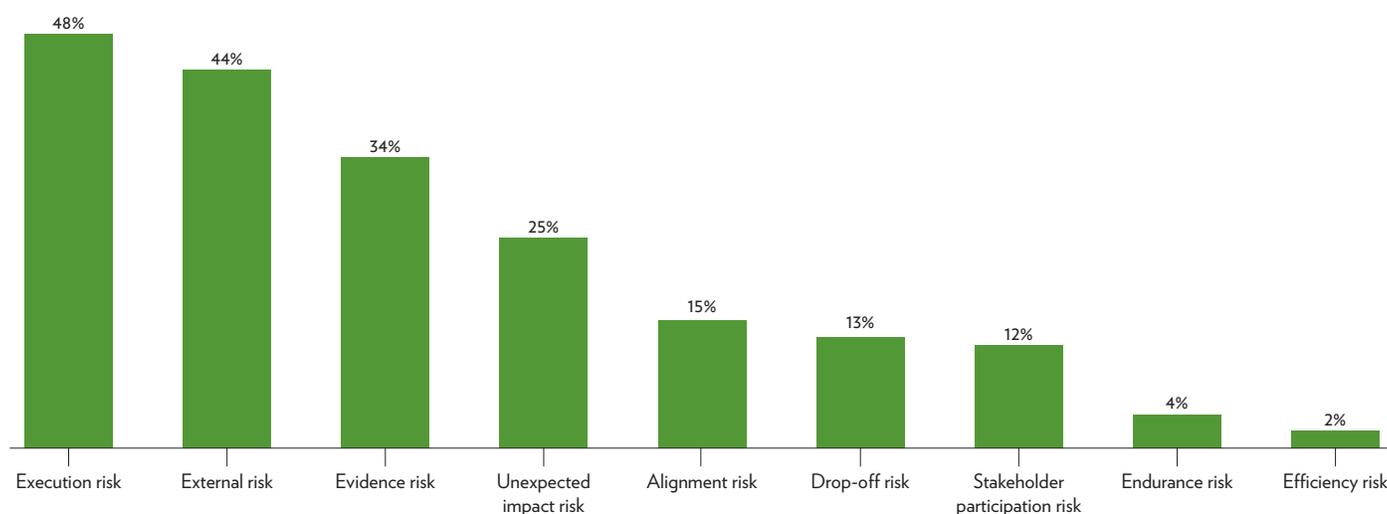
\* Catalytic capital structures are investments that accept disproportionate risk and/or concessionary returns relative to conventional investment in order to generate positive impact and enable third-party investment that otherwise would not be possible. This can include debt, equity, and guarantees along with investment instruments (John D. and Catherine T. MacArthur Foundation).

## IMPACT RISKS PERCEIVED BY INVESTORS

Both investors and investees face risk that the impact generated will differ from what they expected, with material consequences for end stakeholders.\* Investors shared their perceptions of impact risk faced by their investees. The two most commonly cited impact risks were execution risk (48% of investments) and external risk (44%; Figure 10).† Many survey respondents anecdotally shared details about the adverse impacts of COVID-19 on the operations of their investees. Interestingly, despite the known impacts of COVID-19 on global markets, just 36% of respondents for the 2020 reporting year perceived external risk (compared to 44% across all reporting years). Other risks cited across the sample include evidence risk (34% of investments), alignment risk (15%), drop-off risk (13%), and stakeholder participation risk (12%). As might be expected, respondents also shared that market volatility and COVID-related restrictions created challenges in reaching their impact and financial targets.

FIGURE 10: Perceived impact risks

n = 234 investments



Note: Respondents could select multiple answer options. See Appendix 2 for definitions of each impact risk type.

Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

\* Learn more about the various impact risks investees may face [here](#).

† For additional information about each type of impact risk, see Appendix 2.

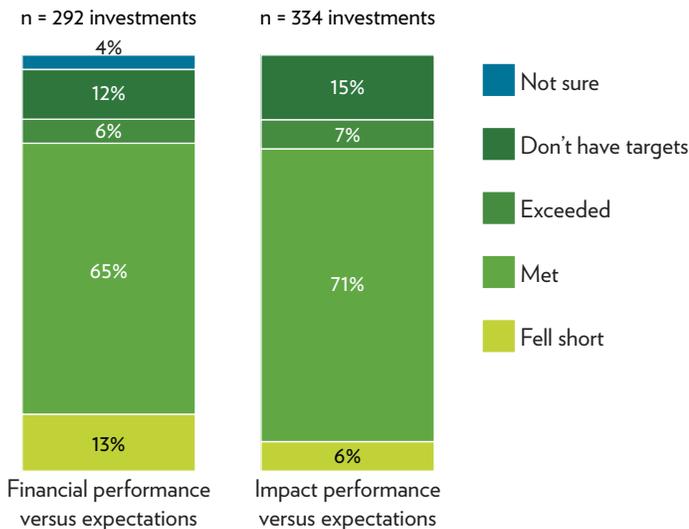
# Performance of impact investments

Across sectors, quality jobs are critical to improving career-progression opportunities, reducing inequality, increasing earnings and wealth, supporting job security, and improving occupational safety. In this sample, investments supported an average of 867 jobs across all employee types at investee organizations (127 jobs at the median). On average, investees employed 191 female employees (35 at the median; see ‘Impact results’ section on page 23 for more detail). Investments’ impact performance either met or exceeded investors’ expectations for 78% of investments and fell short for just 6% of investments (Figure 11).

Investors also shared their net annualized, realized financial returns for their investments in quality jobs. On the whole, respondents noted that they met or exceeded financial performance expectations for 70% of investments while falling short for 13% (Figure 11). Across 125 investments for which data were shared, the average annualized, realized financial return was 10%. Those 116 investments targeting risk-adjusted, market-rate returns generated average realized returns of 10%. Financial performance varied by sector, with investments in manufacturing generating 13% realized returns on average, while investments in food & agriculture averaged financial returns of 5%. Across 91 private debt investments, realized financial returns averaged 7%; across 11 private equity investments, returns stood at 8%; across 8 equity-like debt investments, returns averaged 24%.

**FIGURE 11: Financial and impact performance versus expectations**

Number of investments shown above each bar.



Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

## SPOTLIGHT: HCAP PARTNERS & CONFIRM BIOSCIENCES

### Utilizing impact data throughout the investment cycle

*HCAP Partners, an asset manager, provides debt and equity impact capital to small- to medium-sized companies with an aim to improve economic well-being in the western United States.*

In order to improve job quality and overall quality of life for its stakeholders, HCAP Partners has expedited its data-collection process, captured impact data from a variety of stakeholders, and integrated its impact framework, the ‘Gainful Jobs Approach,’ into its investment process.

Impact intention shapes HCAP’s due diligence. Prior to making an investment, HCAP seeks alignment with potential investees on impact goals and quality jobs outcomes. HCAP’s proprietary and integrated data-collection platform connects directly to company-level HR systems to capture data (e.g., workplace benefits and policies in place, wage levels, demographic breakdowns) during due diligence and assess baseline impact performance. HCAP subsequently works with the management teams of potential investees to create and implement a strategic roadmap for improvements in quality jobs outcomes; formal alignment on the roadmap is required before closing a deal. Once an investment has been made, HCAP uses its integrated software platform to collect and analyze data, assess year-on-year progress against the strategic roadmap, and identify any modifications needed to

their own expectations or investee practices in order to stay on track. Through its platform, HCAP also obtains direct feedback from company employees on whether the goals in the strategic roadmap improve satisfaction, establishing workers’ voices as a key component of its investment-management process.

In order to ensure responsible exits from its investments and sustain impact, HCAP has implemented “carrot agreement” structures: pools of capital activated for use by low- and moderate-income (LMI) workers if HCAP’s investment achieves a certain rate of return and if the investee makes sufficient progress in quality jobs.\* To activate the carrot agreement, HCAP tracks both financial returns and improvements in job quality using its five attributes of quality jobs: broad-based participation, opportunities for advancement, sustainable livelihoods, paid time off, and wellness. The carrot agreement system was first implemented in 2019 with two investees, including Confirm Biosciences.† Over the course of the investment, Confirm Biosciences has implemented an employee stock ownership plan, increased the number of employees earning a living wage by 10%, and enacted a parental leave plan. By implementing the carrot agreements and its integrated data-collection system, HCAP has effectively tracked and improved job quality for employees.



\* Learn more about HCAP’s carrot agreement structure [here](#).

† HCAP exited its investment into Confirm Biosciences in Q4 2020.

# Data availability and confidence

Investors provided data across each of the following IRIS metrics if and when available (Table 1). Given that not all metrics are relevant across each investor’s impact strategy, each question was made optional. Investors also shared the degree to which they were confident in the data they shared: Just over half (53%) indicated a high level of confidence, 45% indicated medium confidence, and just 2% indicated a low level of confidence in the impact information they shared.\*

**TABLE 1: Number of data points for each metric across annualized investments**

n = 867 annualized investments across participating investor organizations

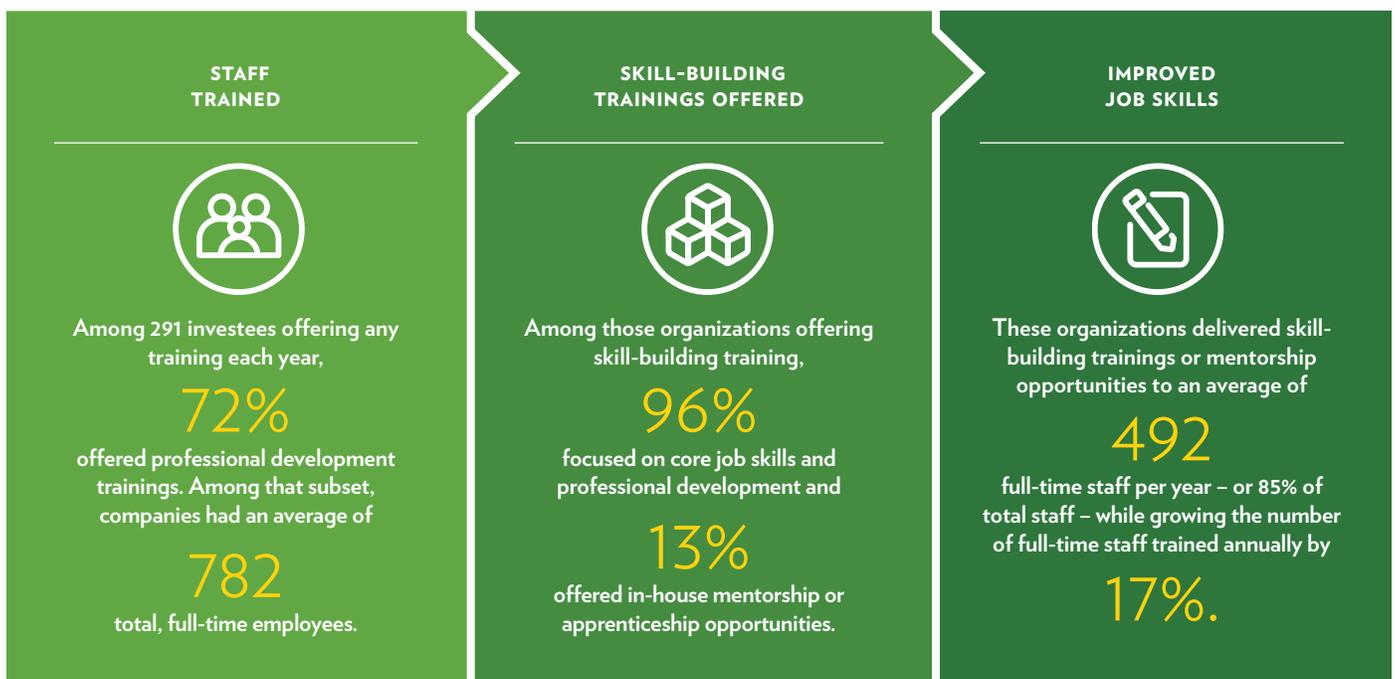
	METRIC	IRIS METRIC CITATION IRIS, 2021	NUMBER OF ANNUALIZED INVESTMENTS	
INVESTMENT CONTEXT	Reporting Year	IRIS, 2021. Report Start Date (OD6951). v5.2.	863	
	Sector to Influence	IRIS, 2021. Sector to Influence (PD8808). v5.2.	846	
	Non-financial Support Offered	IRIS, 2021. Non-financial Support Offered (PD9681). v5.2.	364	
INVESTEES CONTEXT	Stakeholder Demographics	IRIS, 2021. Target Stakeholder Demographic (PD5752). v5.2.	689	
	Stakeholder Geography	IRIS, 2021. Target Stakeholder Geography (PD6424). v5.2.	867	
IMPACT RESULTS	Full-time Employees	IRIS, 2021. Full-time Employees: Total (OI3160). v5.2.	404	
	Full-time Employees Permanent	IRIS, 2021. Permanent Employees: Total (OI8869). v5.2.	515	
	Full-time Women Employees	IRIS, 2021. Full-time Employees: Female (OI6213). v5.2.	664	
	Full-time Employees from Marginalized or Historically Disadvantaged Groups	IRIS, 2021. Full-time Employees: Minorities/Previously Excluded (OI8147). v5.2.	116	
	Full-time Employees Earning Living Wage	IRIS, 2021. Employees Earning a Living Wage or Higher (OI4724). v5.2.	169	
	Gender Wage Equity Ratio	IRIS, 2021. Gender Wage Equity (OI1855). v5.2.	112	
	Employee Voluntary Turnover Rate	IRIS, 2021. Employee Voluntary Turnover Rate (OI1638). v5.2.	118	
	Full-time Employees Promoted	IRIS, 2021. Employees Promoted: Total (OI6995). v5.2.	91	
	Permanent Employees Experiencing Occupational Injuries or Fatalities	IRIS, 2021. Occupational Injuries (OI3757). v5.2.	121	
		IRIS, 2021. Occupational Fatalities (OI6525). v5.2.		
	Temporary employees Experiencing Occupational Injuries or Fatalities	IRIS, 2021. Occupational Injuries (OI3757). v5.2.	75	
		IRIS, 2021. Occupational Fatalities (OI6525). v5.2.		
	Employment Benefits	IRIS, 2021. Employment Benefits (OI2742). v5.2.	415	
	Investee Policies:	Anti-Discrimination	IRIS, 2021. Anti-Discrimination Policy (OI9331). v5.2.	433
		Forced Labor	IRIS, 2021. Forced Labor Policy (OI9650). v5.2.	
		Worker Freedom of Association	IRIS, 2021. Worker Freedom of Association Policy (OI4364). v5.2.	
		Employee Feedback and Grievance System	IRIS, 2021. Employee Feedback System (OI3601). v5.2.	
Employee Training Programs		IRIS, 2021. Employee Training and Transition (OI3368). v5.2.		

\* High confidence: data are precise and validated; Medium confidence: data rely on some assumptions or extrapolations; Low confidence: data are heavily reliant on proxies and subjective in nature.



# Improved job skills for the future

Staff training and ongoing professional development contribute to individuals' long-term career progression, evidence shows, by accelerating their professional growth, increasing their likelihood of experiencing job security, and broadening the range of available and alternate career paths. At the same time, such investment is also shown to lower companies' staff turnover rates and enhance their financial bottom lines. Skill-building trainings are particularly effective among underserved populations, including women and individuals from populations historically marginalized due to race or ethnicity.\*



\* Learn more about the evidence supporting improved job skills for the future within the IRIS+ Quality Jobs theme [here](#).

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## FEATURED IRIS+ METRICS

### Employee Training and Transition Programs Offered (OI3368)

Type and scope of programs implemented and assistance provided during the reporting year to upgrade employee skills

### Full-time Employees: Total (OI3160)

Number of paid full-time employees at the organization as of the end of the reporting year

### Permanent Employees: Total (OI8869)

Number of people employed by the organization as of the end of the reporting year

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## KEY FINDINGS

Investors reported on some form of training offered by their investees across 291 annualized investments, or 34% of this study's overall sample. Among these, 210 investments offered training specifically geared toward career progression; other trainings focused on health and safety, anti-harassment, and diversity and inclusion.\* Trainings for career development included formal trainings designed to facilitate skill-building (96% of career development trainings offered), in-company mentorship or apprenticeship opportunities (13%), and paid time to acquire relevant credentials (4%). On average, organizations offered such trainings to 492 full-time staff each year (including 476 full-time permanent staff). The delivery of trainings has grown over time, with an 18% annual average increase in the number of full-time permanent staff receiving trainings.

## METHODOLOGICAL APPROACH

This pathway explores the types of staff trainings offered in each reporting year, with a focus on those aimed at skill-building and professional development, mentorship or apprenticeship, or the acquisition of credentials. In addition to describing the types of trainings offered, respondents indicated which groups of staff had access to trainings: full- or part-time staff and permanent or temporary staff. The analysis assumes that the entirety of any group listed for an investment accessed trainings. In cases where year-on-year data were available, analysis additionally explored the percent change in the number of staff with access to this set of trainings each year. These figures were compared to the total number of staff with access to trainings over the same subset (i.e., excluding those investments for which year-on-year data were unavailable). To estimate investor contribution, figures were normalized to reflect investment-level impact performance rather than company-level performance. To do so, impact results were multiplied by the ratio of the investment size outstanding to the enterprise value as of the end of the reporting period, producing an investment-weighted impact figure.

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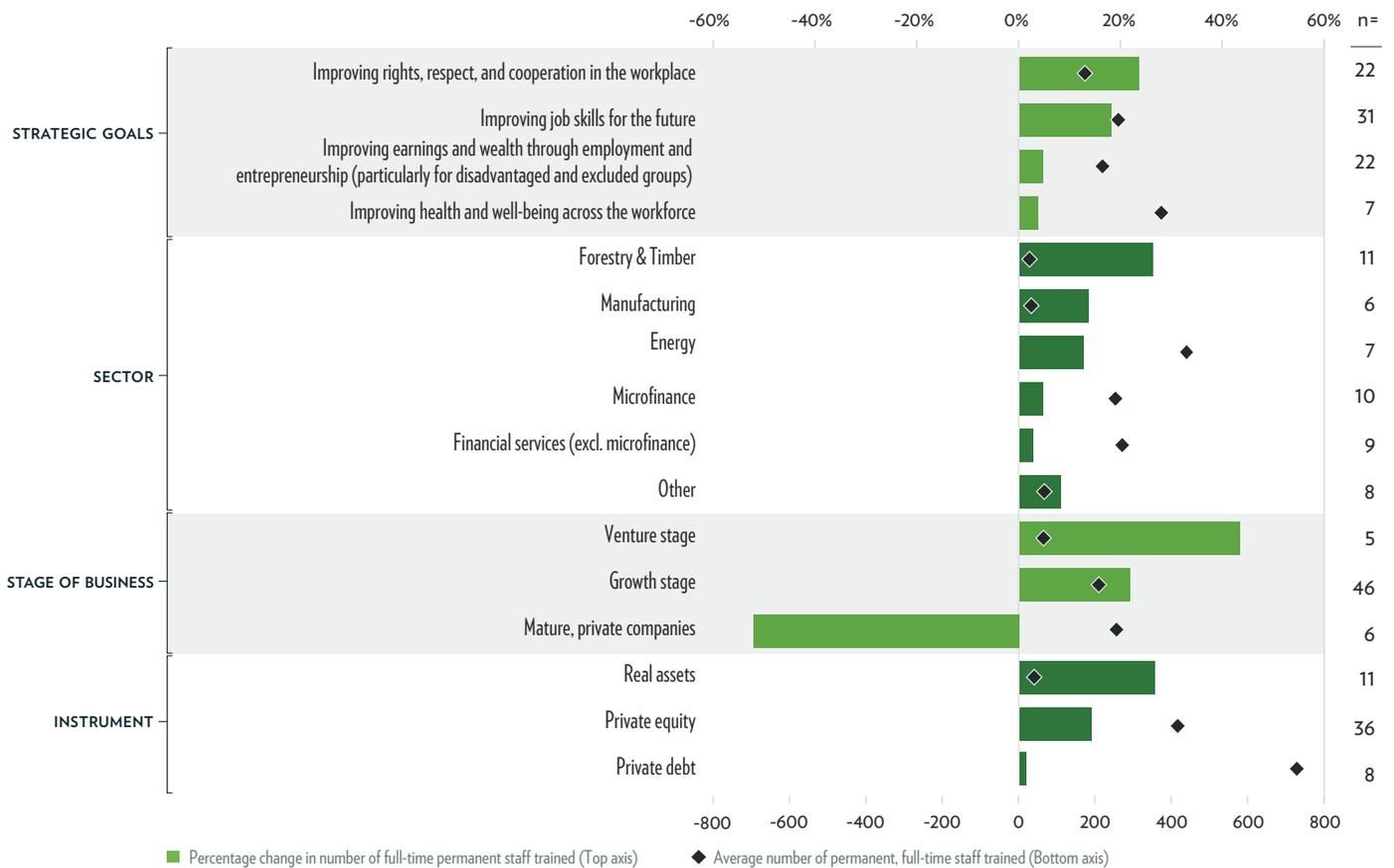
\* For further information on diversity and inclusion trainings, see the IRIS+ Racial Equity theme's Strategic Goal, 'Shifting power by addressing racial bias and ensuring equitable representation and decision-making', [here](#).

# Comparing impact results among peers

The delivery of job trainings oriented toward developing staff skills and strengthening their career-progression opportunities naturally varies based on a range of factors. As might be expected, the rate of increase in trainings varies widely by the investee's stage of business, with venture-stage investees experiencing the fastest increases, on average, in the number of full-time, permanent staff receiving job training (42% growth per year; Figure 12) and mature, private companies experiencing the sharpest decrease in trainings (-52% per year), reflecting in part the contraction of their total staff size. Notably, mature companies offered more trainings, on average, than their venture-stage counterparts (248 individuals trained compared to 58 individuals trained).

By sector, investments in forestry & timber experienced the most growth (25% per year) in the number of staff undergoing training. Food & agriculture had the most staff trained in absolute numbers (598 staff on average), followed by energy (425 staff on average).<sup>\*</sup> Interestingly, investments seeking to improve rights, respect, and cooperation in the workplace and those seeking to improve job skills for the future saw the greatest increases in the number of staff trained (by 23% and 18%, respectively). This indicates some alignment between investors' goals and their investees' performance.

**FIGURE 12: Number and change in full-time permanent staff trained each year, across various segments**



Note: Excludes four outliers.

Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

<sup>\*</sup> Excluding two outliers; including outliers, the greatest number of job trainings was delivered, on average, among investments in the financial services sector.

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**FEATURED IRIS• METRICS**

**Full-time Employees: Female (OI6213)**

Number of paid, full-time, female employees at the organization as of the end of the reporting year

**Employees Earning a Living Wage or Higher (OI4724)**

Number of full-time, part-time, and temporary employees of the organization who are earning a local living wage or higher as of the end of the reporting year

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**CONTEXTUALIZING IMPACT RESULTS**

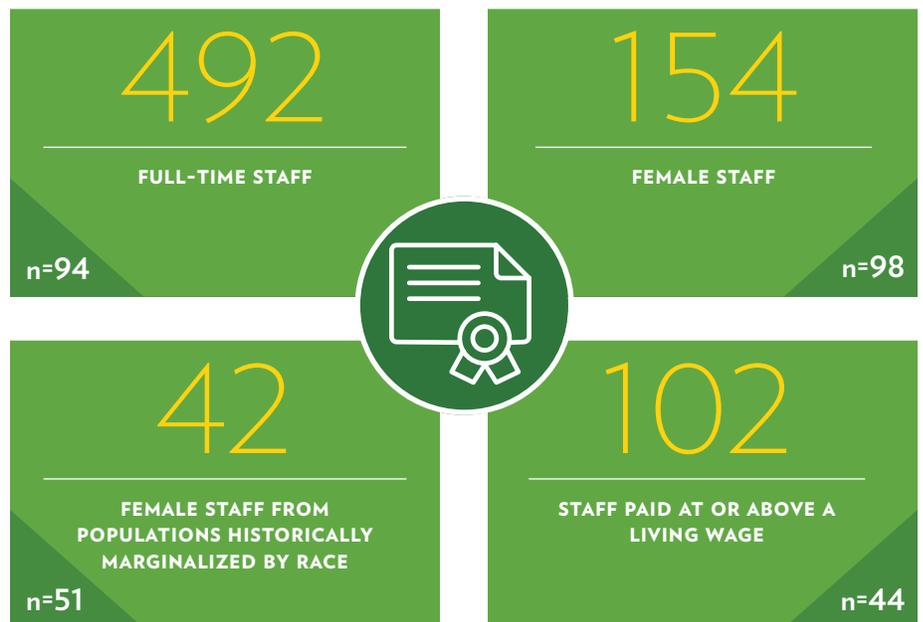
In total, 291 annualized investments financed investees offering some form of training to staff; 72% of them provide trainings or mentorship specifically geared toward skill-building and professional development each year. Among this group, perhaps unsurprisingly, formal trainings designed to strengthen skills and offer professional development opportunities were the most common (96% of this group). Additionally, 18% of organizations that provided formal trainings offered in-company mentorship or apprenticeship opportunities, and 6% provided paid time for staff to acquire relevant credentials.

The delivery of trainings to build skills or for professional development varied by segment in the sample. Among those organizations offering any training, investees for nearly all investments designed to improve rights, respect, and cooperation in the workforce offered skill-building trainings (95%), as did 85% of those seeking to increase job security and stability. A greater share of investments made through private equity reported such trainings (96%) than did those made through private debt (61%).

The provision of skill-building training also varied by staff demographics, including race, gender, and employment status. On average, each investee offered 492 trainings to full-time staff each year, including 154 female staff and 42 staff from populations historically marginalized or disadvantaged on the basis of race or ethnicity. Additionally, investees trained an average of 102 staff in roles at or above a living wage each year. Trained, full-time staff represent 85% of those organizations' total staff; many of these organizations also offer skill-building trainings to some or all of their part-time employees.

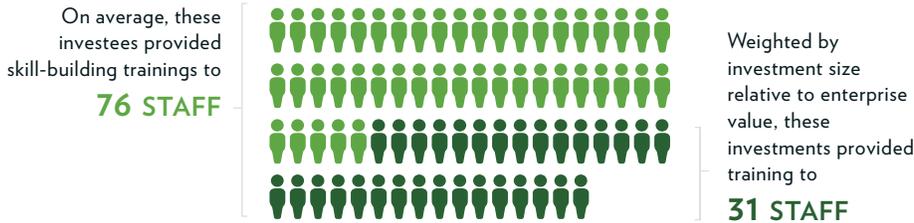
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**On average, investees offered annual skill-building trainings to...**



## INVESTOR CONTRIBUTION

Within the overall sample, 59 annualized investments both provided data on outstanding investment amount and enterprise value and also offered skill-building trainings to staff. Weighting the number of staff trained by the ratio of investment size to enterprise value can offer greater insight into how investors can influence and contribute to outcomes.\*



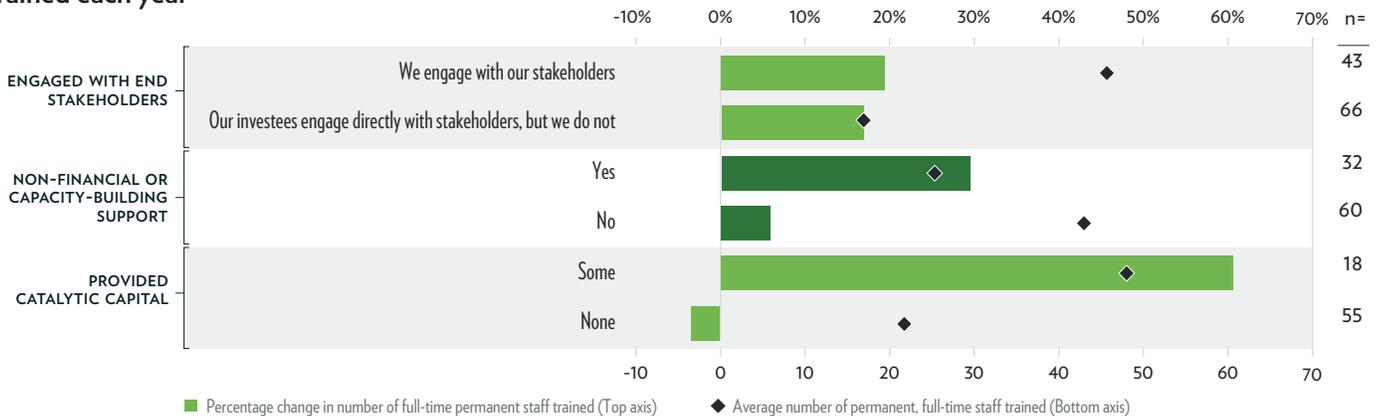
### FEATURED IRIS+ METRIC

#### Stakeholder Engagement (OI7914)

Mechanisms in place to gather input from stakeholders on product/service design, development, and delivery

Investors that engage directly with their investees, for example through consultations or data collection, saw a slightly faster increase in the number of staff trained from year to year compared to those that did not (19% versus 16%; Figure 13). More notably, normalized by the ratio of investment size outstanding to the value of the enterprise, these investments supported more skills trainings on average (45 full-time, permanent staff trained compared to 17). A similar relationship holds for those investors that provided some form of catalytic capital, as their investees provided an average of 47 investment-weighted trainings, which increased annually by 59%. Comparatively, investees of those not providing any form of catalytic capital trained 21 staff on average, and the number of staff trained slightly decreased from year to year (-3%). Investments providing technical assistance, on the other hand, saw investees more greatly increase the number of trainings they offer year-on-year than those providing no such non-financial support (29% versus 6%). However, these investees also provided fewer trainings in absolute, investment-weighted terms compared to investees receiving no accompanying technical assistance (25 versus 42 staff trained).

**FIGURE 13: Investor contribution to the investment-weighted average number of and change in full-time permanent staff trained each year**



Note: Excludes two outliers.

Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

\* Learn more about this calculation to assess investment-weighted impact results in the [COMPASS](#) methodology.

## SPOTLIGHT: GLOBAL SOCIAL IMPACT & TUGENDE

### Improving career progression opportunities

*Global Social Impact Investments SGIIIC (GSII), a fund manager focused on social impact funds in sub-Saharan Africa, makes private debt investments targeting social and/or environmental impact alongside financial returns across food and agriculture, access to energy, and productive assets.*

As an investor seeking to improve livelihoods in sub-Saharan Africa, Global Social Impact recognizes that improved career progression opportunities are key to enhancing the social conditions of the world's poorest individuals. During its 'social due diligence' process, the GSII impact measurement team seeks to ensure that the impact objectives of its potential investee align with the fund's objectives by co-creating a Theory of Change and impact scorecard. These tools collectively function as an "impact term sheet," integrating impact metrics and targets as a formal component of the investment process.

Tugende, one of Global Social Impact's first investees, supports customers' livelihoods in Kenya and Uganda by providing leasing loans on valuable assets—primarily motorcycles, or 'bodas'—on terms that allow customers to gain full ownership of the assets within 24 months. In addition to helping its customers build a pathway to asset ownership, Tugende conducts driver safety training, offers high-quality safety gear, and provides access to life and medical insurance, empowering their clients with the requisite tools and technical knowledge to become professional drivers while working towards ownership of their leased motorcycles. Additionally, drivers leasing through Tugende, all of whom have

completed requisite safety training, are given uniforms identifying them as professional drivers, establishing credibility within stakeholder communities.

Customers of Tugende not only typically see their earnings nearly double by the end of the leasing period but also, as new asset owners, can rent out their motorcycles to others in order to diversify their income streams. Many of Tugende's 30,000 customers become entrepreneurs themselves, completing multiple leases from Tugende to own upwards of five to six motorcycles and using the additional revenue to purchase land or pursue new business ventures.\* In fact, one customer in Uganda used his additional income to start an electronics store in his city, Masaka, reflecting the diversity of long-term opportunities created for customers through Tugende's business model.

In addition to supporting customers' livelihoods, Tugende also supports career progression for its 460 direct employees. Tugende offers a comprehensive benefits package and worker-friendly policies, along with numerous training opportunities to promote professional development (such as formal programs or workshops to facilitate relevant skill-building, in-company mentorship opportunities, and paid time for staff to acquire relevant credentials). By prioritizing improved livelihoods throughout business models and codifying impact into term sheets upfront, Global Social Impact and Tugende have helped strengthen employment and career opportunities both directly and indirectly in Kenya and Uganda.



\* Learn more about Tugende's business model and impact results [here](#).

# Improved occupational safety

Occupational injuries and fatalities disproportionately occur in emerging markets and high-risk sectors, such as manufacturing, energy, and agriculture, and are often skewed towards groups that are historically marginalized due to race and/or ethnicity.\* By supporting health and safety training, enacting health and safety policies, and implementing employee feedback and grievance mechanisms, investors can contribute to improved occupational safety at their investee organizations and, by extension, to workers' long-term health and well-being. With safe working conditions, employees can preserve income for basic necessities, and they can maintain a higher quality of life through sustained physical and mental health. Additionally, improved physical working conditions are also shown to drive positive company-level outcomes, including reduced employee turnover, improved productivity, and increased customer satisfaction.†



\* Learn more about the racial and ethnic differences in the frequency of occupational injuries [here](#).

† Learn more about the evidence supporting improved occupational safety within the IRIS+ Quality Jobs theme [here](#). Also see the ILO's literature review on the effects of improved working conditions on businesses [here](#).

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## OCCUPATIONAL INJURIES (OI3757)

### Occupational Injuries (OI3757)

Number of occupational injuries which affected any full-time, part-time, and temporary employees of the organization over a one-year period

### Occupational Fatalities (OI6525)

Indicates the number of occupational fatalities of full-time, part-time, and temporary employees of the organization over a one-year period

### Employee Feedback and Grievance System (OI3601)

Indicates whether the organization has in place a grievance mechanism to receive formal employee complaints and provide remedies as well as an established procedure and/or committee to receive and handle employee feedback

### Employee Training and Transition Programs Offered (OI3368)

Describes the type and scope of programs implemented and assistance provided during a one-year period to upgrade employee skills

### Worker Safety Policy (OI8001)

Indicates whether the organization has policies in place to monitor, evaluate, and ensure worker safety

### Full-time Employees: Total (OI3160)

Number of paid full-time employees at the organization over a one-year period

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## KEY FINDINGS

Across the full sample, investees for 17% of annualized investments provided health and safety training, maintained health and safety policies, and implemented employee feedback and grievance mechanisms during a one-year period. Among 38 annualized investments where all three workplace safety mechanisms were in place, the average investee employed 50 full-time staff each year and experienced an average of 0.9 workplace injuries and/or fatalities in a given reporting year. Excluding one outlier, investees across the sample, including those with and without all three workplace safety practices, reported an average of one injury or fatality each year among permanent employees.\* Excluding one outlier, among investees without these workplace safety practices, permanent employees experienced an annual average of 1.3 injuries.† Among 17 annualized investments where full-time employees benefitted from workplace safety practices, the number of full-time employees grew by 59% on average.

## METHODOLOGICAL APPROACH

This pathway involves improvements to occupational safety, through three workplace safety practices: worker health and safety policies, worker health and safety training, and employee feedback and grievance systems. Analysis centered on the number, ratio, and pace of change of injuries and/or fatalities and full-time employees among investees that both implement and do not implement these workplace safety practices. All policies, benefits, and trainings referenced in this section applied to each full-time employee at the investee organization. To assess proportion, ratios were calculated of injuries and/or fatalities to total, permanent, and full-time employees, as follows: the number of injuries to all employees was calculated by adding the injuries to permanent and temporary employees, while numbers of injuries and/or fatalities to full-time employees were calculated using the number of injuries to permanent employees.

To explore investor contribution, impact results were weighted to reflect investment-level, rather than company-level, impact performance by multiplying these figures by the ratio of the investment size outstanding to the enterprise value as of the end of the reporting period.

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\* Including one outlier, annualized investments reported four injuries on average annually.

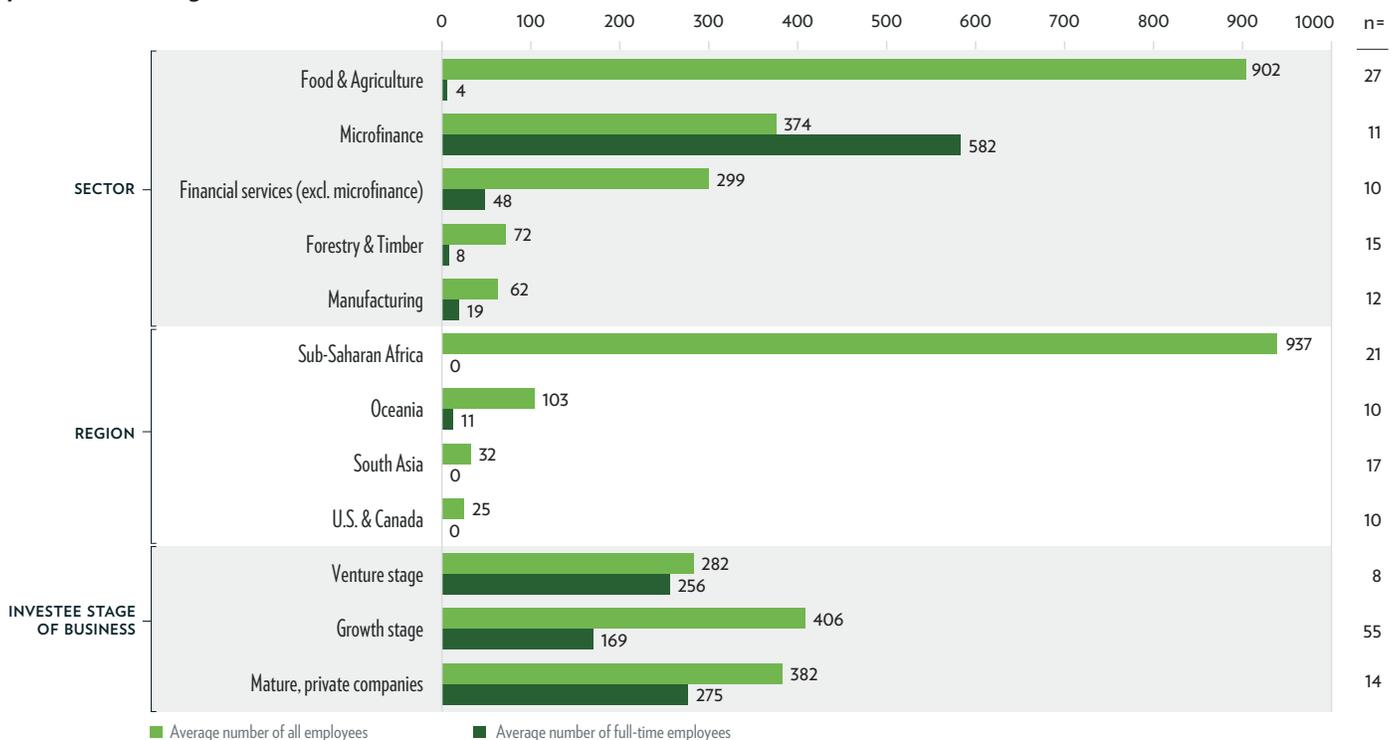
† Including one outlier, this group of investees reported 10 injuries on average annually.

## COMPARING IMPACT RESULTS AMONG PEERS

Across 72 investments with health and safety training and policies in place alongside grievance mechanisms, investees employed an average of 388 full-time, part-time, permanent, and temporary employees (76 employees at the median). Among those investments with health and safety training and policies in place alongside grievance mechanisms and where all full-time employees received the relevant trainings and policies, investees had, on average, 35 full-time employees. The average number of employees, per annualized investment, varied with sector, stage of business, and geographic region (Figure 14).

The sectors with the greatest number of average employees, among investments that implemented all three workplace safety practices, included food & agriculture (902 total employees on average), microfinance (374), and financial services (299). Perhaps unsurprisingly, the average food & agriculture investee had just four full-time employees, reflecting the prevalence of seasonal, part-time, and contract work in that sector. Investees in microfinance and financial services employed the highest number of full-time staff (582 and 48 full-time employees on average, respectively), followed by manufacturing (19). By geographic region, the largest average number of any type of employee benefiting from workplace safety practices per annualized investment included sub-Saharan Africa (937 total employees, on average), Latin American & the Caribbean (587), and Oceania (103). The region with the highest average number of full-time employees was Oceania (11), suggesting that other types of employment, such as part-time contracts, may be more prevalent across this sample.

**FIGURE 14: Average number of all employees and full-time employees benefitting from workplace safety mechanisms in place, across segments**



Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments*, 2021

The ratio of occupational injuries and/or fatalities to the number of employees offers insight into varying incidences of workplace injuries and/or fatalities, which differ by sector, region, and investee stage of business (Table 2).

Across 17 investments that provided data on full-time employment in consecutive reporting years and where all three workplace safety practices were in place, the number of full-time employees grew by 59% on average each year, indicating growth in the number of employees benefiting from these policies, and by extension, from safe working environments. Among these 17 investments, those in forestry & timber showed the greatest annual average increase in full-time employment (120%).

**TABLE 2: Average proportion of occupational injuries and/or fatalities to number of total employees**

SEGMENT		OVERALL SAMPLE		HEALTH & SAFETY PRACTICES IN PLACE	
		n	PROPORTION OF OCCUPATIONAL INJURIES AND/OR FATALITIES AMONG PERMANENT EMPLOYEES TO NUMBER OF TOTAL EMPLOYEES	n	PROPORTION OF OCCUPATIONAL INJURIES AND/OR FATALITIES AMONG PERMANENT EMPLOYEES TO NUMBER OF TOTAL EMPLOYEES
Sector	Forestry & Timber	22	0.022	13	0.019
	Food & Agriculture	21	0.005	10	0.005
	Financial Services	24	0.002	7	0
	Manufacturing	9	0	8	0
Stage of Business	Growth stage	52	0.006	33	0.005
	Mature, private companies	33	0.01	33	0.011
Region	South Asia	18	0	17	0
	Sub-Saharan Africa	58	0.003	19	0.003
	Oceania	11	0.018	10	0.019

Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

## CONTEXTUALIZING IMPACT RESULTS

Among those investments in the sample with health and safety training in place, investees employed an average of 439 staff, compared with 407 employees among those investments offering employee feedback and grievance mechanisms and 552 among investments with worker health and safety policies in place.\* Among those investments that specifically seek to improve health and well-being across the workforce, investees had an average of 412 employees.

Perhaps as to be expected, investees that provided health and safety trainings to their employees experienced a much lower incidence of workplace injuries and/or fatalities per annualized investment than those that did not (at 0.6 and 6.5, respectively).† Across those investees offering health and safety training, about a third focus on food & agriculture, followed by manufacturing (14%) and financial services (14%). For a subset of investments, investors specified that the trainings, policies, and benefits were specifically provided to all full-time employees. This subset employed an average and median of 35 and 14 full-time employees, respectively, down from a respective average of 205 and 25 full-time employees across the entire sample. This discrepancy demonstrates the challenges investors and investee organizations face in ensuring that health and safety benefits, policies, and trainings are offered across all investee organizations and to all employees.



\* These sub-samples overlap, with organizations that provide more than one of these three offerings counted in each relevant sub-group.

† Excluding one outlier organization that does not offer health and safety training and has many workplace injuries, the ratio of injuries to number of annualized investments still favors those offering health and safety training by 0.6 to 1.1.

## INVESTOR CONTRIBUTION

Weighting the number of full-time employees by the ratio of investment size to enterprise value can offer insight into how investors can influence and contribute to outcomes.\* Within the overall sample, 37 annualized investments provided the data necessary to weight the average number of full-time employees and also had health and safety training and health and safety policies alongside grievance mechanisms in place. These investments had an average of 51 full-time employees, and an investment-weighted average of 18.



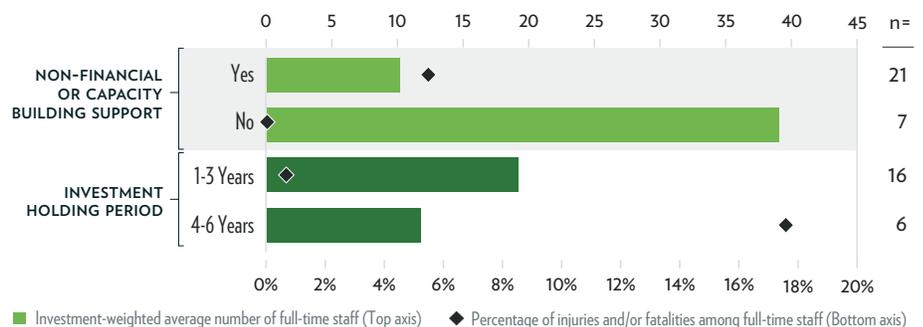
### FEATURED IRIS® METRICS

#### Stakeholder Engagement (OI7914)

Mechanisms in place to gather input from stakeholders on product/service design, development, and delivery

Among those investors that provided non-financial support, investees with workplace safety practices in place employed an average of 10 full-time employees. Interestingly, in cases where investors did not provide non-financial support, investees employed an average of 39 full-time staff (Figure 15). The proportion of occupational injuries and/or fatalities to full-time employees among those investees providing non-financial support stood at 5.5%, compared to 0.03% among those investees not providing such support. Additional research is needed to better understand the relationship between the provision of non-financial support and impact results. Across 17 investments with a holding period of 1–3 years where health and safety trainings and policies were in place alongside grievance mechanisms employed an average of 19 full-time employees, compared with an average of 10 full-time employees among investments with a longer holding period of 4–6 years that also had these same policies, trainings, and mechanisms in place. The rate of occupational injuries occurring among the former group was 1%, compared to 17% among those investments with a 4–6 year holding period.

**FIGURE 15: Investor contribution to investment-weighted average full-time employees and proportion of occupational injuries and/or fatalities**



Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

\* Learn more about this calculation to assess investment-weighted impact results in the [COMPASS](#) methodology.

## SPOTLIGHT: NORSAD FINANCE & ECOFARM

### Improved occupational safety

*Norsad is a private credit provider offering debt solutions to profitable growth-stage companies in sub-Saharan Africa with a focus on sustainable livelihoods, financial inclusion, gender equality, and climate.*

Norsad Finance recognizes the importance of prioritizing the health and safety of workers across its portfolio. Additionally, Norsad understands that its exposure to occupational safety risk is pronounced due to their activity in regions, such as sub-Saharan Africa, and sectors—energy and agriculture—that are associated with higher rates of employee injuries and fatalities. Norsad addresses these risks by assessing each potential investee’s health & safety performance during the investment scoping process and identifying an approach to improve health & safety through a jointly signed Action Plan. During the investment management phase, Norsad monitors the health and safety performance of its investees annually and conducts follow-up assessments to ensure full implementation of the Action Plan. Across Norsad’s portfolio in 2020, 100% of investees had health and safety policies in place, 80% of investees had staff dedicated to health & safety strategy and implementation, and 88% of investees offered health & safety training to its employees.\*

EcoFarm, one of Norsad’s investees, is a sugarcane farm in Mozambique that has shown significant improvement in implementing health and safety policies. Located in a war-torn region rife with poverty, EcoFarm recognized the need to implement systems necessary to protect the wellbeing of its 700+ employees. Before Norsad’s investment in 2014, EcoFarm lacked health & safety training, policies, and personnel, with many employees injured when working in the sugarcane fields. Following Norsad’s initial investment in 2016, health & safety trainings hours at EcoFarm increased in 2017 and 2018. Employees also suffered from traffic accidents due to lack of road signs on the farm and experienced high rates of malarial transmission. Norsad has engaged with EcoFarm to implement traffic signage, hire health & safety personnel, establish a health and safety committee with employee representatives, and acquire malaria protection equipment for all employees. During the COVID-19 pandemic, Norsad supported EcoFarm in developing and implementing a safety plan to protect workers and decrease the likelihood of transmission. Norsad also worked with EcoFarm to create dedicated Safety Officer positions on staff, and integrated employee perspective through the development of a worker-led health & safety committee, in an effort to improve the safety and well-being of workers at the organization.

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\* Learn more from Norsad’s 2020 Impact Report [here](#)

# Reduced gender inequities in the workplace

Women experience significant gaps in salary compared to men and lack representation in leadership positions, driving gender inequities both in the workplace and beyond it. Moreover, women from groups that are historically marginalized due to race and/or ethnicity are further affected. Employer practices—such as anti-harassment trainings and paid family leave, along with anti-discrimination and anti-harassment policies—can improve workplace conditions for women. And investing into gender equity can not only improve pay equity between men and women but also improve mental health and well-being, strengthen retention of women employees, and help women feel valued in the workplace, improving quality of life and broader economic growth.\*

## WORKPLACE PRACTICES IN PLACE



Across the full sample,

**32%**

of investees implement anti-discrimination and anti-harassment policies,

**26%**

offer paid family leave (maternity and paternity), and

**1%**

provide anti-harassment training.

## WOMEN EMPLOYED FULL-TIME



Among 226 annualized investments with anti-discrimination and anti-harassment policies in place, investees employed an average of

**144 women full-time.**

The number of full-time women employed grew by **15%** annually across the sample.

**36%** of all full-time staff are women across 335 annualized investments.

## GENDER WAGE EQUITY AND VOLUNTARY TURNOVER RATE



Investees with anti-discrimination and anti-harassment policies in place had an average gender wage equity ratio of **1.01** across 109 annualized investments compared to **0.95** for the full sample.

The average voluntary turnover rate was **10.7%** for investees with such policies in place compared to **12.7%** across the sample.

\* Learn more about evidence supporting reduced gender inequities in the workplace in the IRIS+ Gender Lens Strategic Goal, 'Reducing gender inequities in pay,' along with the various strategic goals in the IRIS+ Quality Jobs theme [here](#).

## KEY FINDINGS

Investors reported the number of full-time women employed across 77% of all annualized investments and the gender wage equity ratio across 13% of all annualized investments. Across 226 annualized investments with a set of anti-discrimination and anti-harassment policies in place, investees employed an average of 144 women full-time. On average, just over a third (36%) of total full-time staff are women across 335 annualized investments. Perhaps surprisingly, investees offered anti-harassment training for just 1% of annualized investments included in the sample. The number of full-time women employed grew by 15% annually across the sample, compared to 20% growth among those organizations with anti-discrimination policies, anti-harassment policies, and paid family leave benefits in place. The average gender wage equity ratio among the full sample was 0.95. Among the subset of those annualized investments with anti-harassment and anti-discrimination policies, the average gender wage equity ratio stood at 1.01. The average voluntary turnover rate was 10.7% for investees with such policies in place compared to 12.7% across the sample.

## METHODOLOGICAL APPROACH

This section pertains to women employed on a paid, full-time basis at investee organizations with the following set of policies in place: anti-discrimination, fair hiring and recruiting, fair career advancement, fair compensation, fair dismissal, and sexual harassment. While evidence suggests additional benefits and trainings are critical to gender equity within the workplace, limited data availability did not permit analyses within the sample. Additionally, this section assesses the gender wage equity ratio – a comparison of the average wage paid to female employees with that paid to male employees in a specific position – across investees and the proportion of women employed. To assess proportion, analysis compares the number of full-time women on staff to the total number of full-time employees at the organization; in cases where respondents did not share both total full-time staff and number of women employed, this ratio was excluded from aggregate analysis. While gender equity in the workplace varies significantly across demographics and intersectional identities, especially for individuals from populations historically disadvantaged due to race and/or ethnicity, disaggregated data on demographic segments were not collected,\* nor do analyses disaggregate by role or type of employment. In some cases, investors shared year-on-year data that enabled this analysis to explore the average change in the number of women employed by investees with these employer practices in place. To assess investor contribution, impact figures were weighted by the ratio of outstanding investment amount to enterprise value in order to gauge the impact associated with each investment itself.

\* To learn more about the racial equity and gender lenses, see the IRIS+ impact themes focused on Racial Equity and Gender [here](#).

## FEATURED IRIS+ METRICS

### Full-time Employees: Total (OI3160)

Number of paid full-time employees at the organization as of the end of a one-year period

### Full-time Employees: Female (OI6213)

Number of paid, full-time, female employees at the organization as of the end of a one-year period

### Anti-Discrimination Policy(OI9331)

Indicates whether the organization has a specific, written anti-discrimination policy in place for its employees and a system to monitor compliance with this policy

### Fair Hiring/Recruiting Policy (OI1150)

Indicates whether the organization has a written employment policy to recruit employees fairly and equally and a system to monitor compliance with this policy

### Fair Career Advancement Policy(OI4884)

Indicates whether the organization has a written policy to support the fair and equitable progression and promotion of employees and a system to monitor compliance with this policy

### Fair Compensation Policy (OI3819)

Indicates whether the organization has a written policy regarding fair and equitable compensation for employees and a system to monitor compliance with this policy

### Fair Dismissal Policy(OI9478)

Indicates whether the organization has a written policy and practice of ensuring fair dismissal of employees and a system to monitor compliance with this policy.

### Sexual Harassment Policy(OI9088)

Indicates whether the organization has a written policy to combat and prevent the sexual harassment of employees and a system to monitor compliance with this policy

### Employment Benefits (OI2742)

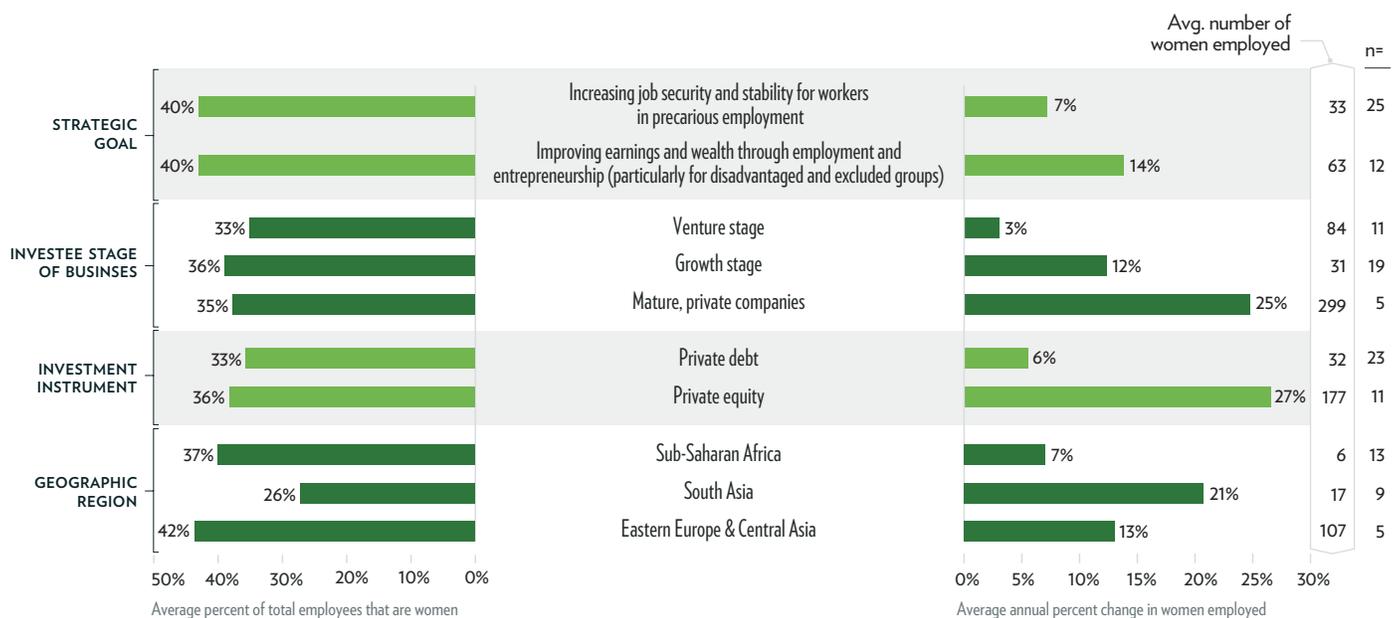
Describes the benefits that are provided to full-time employees of the organization during a one-year period

## COMPARING IMPACT RESULTS AMONG PEERS

The number and proportion of full-time women employed at investees with a set of anti-discrimination and anti-harassment policies in place varied across peer groups in the sample, as did growth rates in the number of women employed annually (Figure 16). Across investee stages of business, mature, private companies naturally employed the greatest number of women (299, on average), with women comprising 35% of their total employee base. Mature, private companies also grew their female employee base by 25% each year, the highest growth rate among stages of business. Meanwhile, though growth-stage companies employed fewer women on average (31 women), they had a similar proportion of women employed (36%) and increased the number of women employed by an average of 12% per year. The average number of women employed at an investee with anti-discrimination and anti-harassment policies in place differed by asset class, with an average of 177 women employed at investees financed through private equity (with women comprising 36% of all employees) and 32 women employed on average at those financed through private debt (33% of the total employee base).

Growth rates in women employed also varied by asset class (27% for private equity investments; 6% for private debt). Interestingly, investees based in South Asia employed an average of 17 women (with women comprising just over a quarter of the total employee base) but grew the number of women employed faster than in other regions, at 21% on average per year. Meanwhile, in sub-Saharan Africa, just six women are employed on average at investees with anti-discrimination and anti-harassment policies in place (with women representing 37% of all employees on average); these investees experienced a lower growth rate in female employment compared to other regions (only 7%). Across the board, these findings reflect a growth opportunity to increase female representation in the workplace across all market segments.

**FIGURE 16: Average proportion, number, and change in women employed at investee organizations, across segments**



Note: This figure represents a subset of investees who implement a set of anti-discrimination and anti-harassment policies. Excludes one outlier annualized investment.

Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

## CONTEXTUALIZING THE IMPACT RESULTS

The gender wage equity ratio—a comparison of the average wage paid to female employees with that paid to male employees in a specific position—offers insight into workplace equity and improved earnings potential. A gender wage equity ratio of 1 indicates equal pay between men and women; a ratio below 1 indicates that women are underpaid relative to men, on average. Among 109 annualized investees the gender wage equity ratio was 0.95; among the subset of investees with anti-discrimination and anti-harassment policies in place, the ratio was 1.01, indicating that women at these investees are paid slightly more than men, on average, for the same work. This exceeds the current global gender wage gap, estimated at 0.77 by the UN (as of 2021) and 0.80 by the ILO (as of 2019).<sup>\*</sup> Once adjusted for differences in education level, work experience, and job characteristics, however, the gender wage gap rises to about 0.98; as a result, while investments in the broader sample are underperforming relative to that benchmark, those investments with anti-discrimination and anti-harassment policies in place outperform the global average.<sup>†</sup> Naturally, the gender wage equity ratio varies by region (Table 3). Emerging market investees had higher gender wage equity ratios than those in developed markets, although investees across all regions outperformed a regional index not adjusted for differences in characteristics.

**TABLE 3: Average gender wage equity ratio compared to regional benchmarks, by geography**

	n	GENDER WAGE EQUITY RATIO (ACROSS SAMPLE INVESTMENTS)	REGIONAL BENCHMARKS FOR GENDER WAGE EQUITY
U.S. & Canada	21	0.92	0.73
Sub-Saharan Africa	25	1.00	0.68
South Asia	24	1.02	0.66
Latin America & Caribbean	19	0.88	0.72
Eastern Europe & Central Asia	10	0.92	0.72

Note: The regional benchmarks are based on the World Economic Forum’s [2020 Global Gender Gap Index](#); these values do not adjust for worker and job characteristics. Excludes two outlier annualized investments.

Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

### CONTEXTUALIZING IMPACT RESULTS BASED ON GLOBAL AND REGIONAL GENDER PAY GAPS

The global gender pay gap is estimated at 0.77 by the UN and 0.80 by the ILO. However, these estimates are not adjusted for differences across wages based on education levels, work experience, and job characteristics among other variables. Once adjusted for these external factors, the gender wage gap rises to 0.98. Given that the gender wage equity ratio data collected in this study holds constant level of position, comparison to an adjusted external threshold offers critical context. While investments in this sample are underperforming relative to this benchmark (0.95), those investees with anti-discrimination and anti-harassment policies in place outperform the global average at 1.01, indicating strong progress in workplace equity.

Gender wage equity naturally varies significantly by region. The World Economic Forum’s 2020 Global Gender Gap Index assesses regional gender wage gaps which help to contextualize the gender wage equity ratios among investee organizations in this sample. Notably, these regional figures do not adjust for external variables and comparison should be interpreted as such.

\* ILO’s [Understanding the Gender Pay Gap report](#). See the UN’s data reflecting the gender pay gap [here](#).

† Learn more about the controlled gender pay gap [here](#).

Within the sample, gender wage equity ratios varied by market segment (Table 4). Annualized investments made through private equity had an average gender wage equity ratio of 0.94, lower than those made through private debt (1.00). The wage equity ratio stood at 0.88 for mature, private companies; meanwhile, wages were more equitable at venture-stage companies (0.99 gender wage equity ratio). Investments targeting below-market-rate returns also had a higher gender wage equity ratio, on average, than did those targeting risk-adjusted, market-rate returns (1.13 compared to 0.93, respectively). While investees in developed markets also had higher proportions of women on staff, on average, compared to investees in emerging markets, the gender wage equity ratio held fairly steady at approximately 1 across the U.S. & Canada, sub-Saharan Africa, and South Asia.

**TABLE 4: Average gender wage equity ratio across segments**

SEGMENT		n	AVERAGE GENDER WAGE EQUITY RATIO
INVESTMENT INSTRUMENT	Private debt	38	1.00
	Private equity	52	0.94
INVESTEE STAGE OF BUSINESS	Venture stage	20	0.99
	Growth stage	82	0.94
	Mature, private companies	8	0.88
SECTOR	Financial services (excl. microfinance)	6	1.02
	Food & Agriculture	24	0.99
	Healthcare	8	0.81
	Information & Communication Technologies	9	0.92
	Manufacturing	9	1.20
	Microfinance	34	0.89
TARGET FINANCIAL RETURNS	Risk-adjusted, market-rate	102	0.93
	Below-market	8	1.13

Note: Excludes two outlier annualized investments.

Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

## INVESTOR CONTRIBUTION

Investors across 126 annualized investments reported on anti-discrimination and anti-harassment policies in place, the number of women employed, and contextual variables needed to assess investor contribution, namely enterprise value and outstanding investment amount. On average, this set of investees with anti-discrimination and anti-harassment policies in place employed 173 women.

Multiplied by the ratio of investment amount outstanding to enterprise value, these investees employed an investment-weighted 56 women, growing annually by an average 22%.\*

On average, investees with anti-discrimination and harassment policies in place employed

**173 WOMEN**



This corresponds to an investment weighted figure of **56 WOMEN ON STAFF**

Impact results can be influenced by investor strategies, such as the provision of non-financial support and deployment of catalytic capital. Across these mechanisms, the investment-weighted average number of women employed was higher with greater investor involvement (Figure 17). However, the annual growth rate in women employed at investees with gender equity practices in place varied by type of investor involvement. In cases where investors provided non-financial support, the average, investment-weighted number of women employed was 81, compared to 46 for investees in the sample not provided non-financial support. However, the number of women employed grew faster without non-financial support (by 27% each year, compared to 13% growth with non-financial support). For investments where investors deployed some form of catalytic capital, investees supported 64 women employed with an average annual growth rate in female employees of 28%; for those investments with no catalytic capital provided, just six women were employed on average (with a growth rate of 16%). This reflects the ways in which catalytic capital can support increased gender representation in the workplace. Importantly, however, this analysis does not consider the timing at which additional support or catalytic capital were provided. Additional research is required to better understand the relationship between each of these variables and impact performance.

**FEATURED IRIS® METRIC**

**Stakeholder Engagement (OI7914)**

Describes the mechanisms in place to gather input from stakeholders on product/service design, development, and delivery

**FIGURE 17: Investor contribution to the investment-weighted average number and annual change in women employed**



Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

\* Learn more about this calculation to assess investment-weighted impact results in the [COMPASS](#) methodology.

## SPOTLIGHT: GARDEN IMPACT INVESTMENTS & AGAPE CONNECTING PEOPLE

### Reducing inequalities relating to gender, incarceration, and disability

*Garden Impact Investments (GII) is a Singapore-based investment company seeking to reduce poverty through commercially sustainable investments in agriculture, healthcare, and education-technology in Southeast Asia.*

GII's primary objective is to create sustainable opportunities in impoverished communities, enabling dignified livelihoods.\* Central to its vision is the need to reduce inequality through its investment portfolio. Beyond investing in companies with aligned missions, GII offers patient capital, technical assistance, and high-touch stakeholder engagement to each of its investees in order to support their growth and achieve their shared objective of improving livelihoods.

Agape Connecting People (Agape), one of GII's investees, works to promote equalities in Singapore through contact and training centers that employ and provide skills training to incarcerated individuals and other vulnerable communities, preparing them for gainful employment. Founded by a formerly incarcerated person, Agape understands that inequalities often stem from formative environments and that incarceration can become a multi-generational pattern within affected families, with individuals often struggling to gain and maintain employment. Agape also

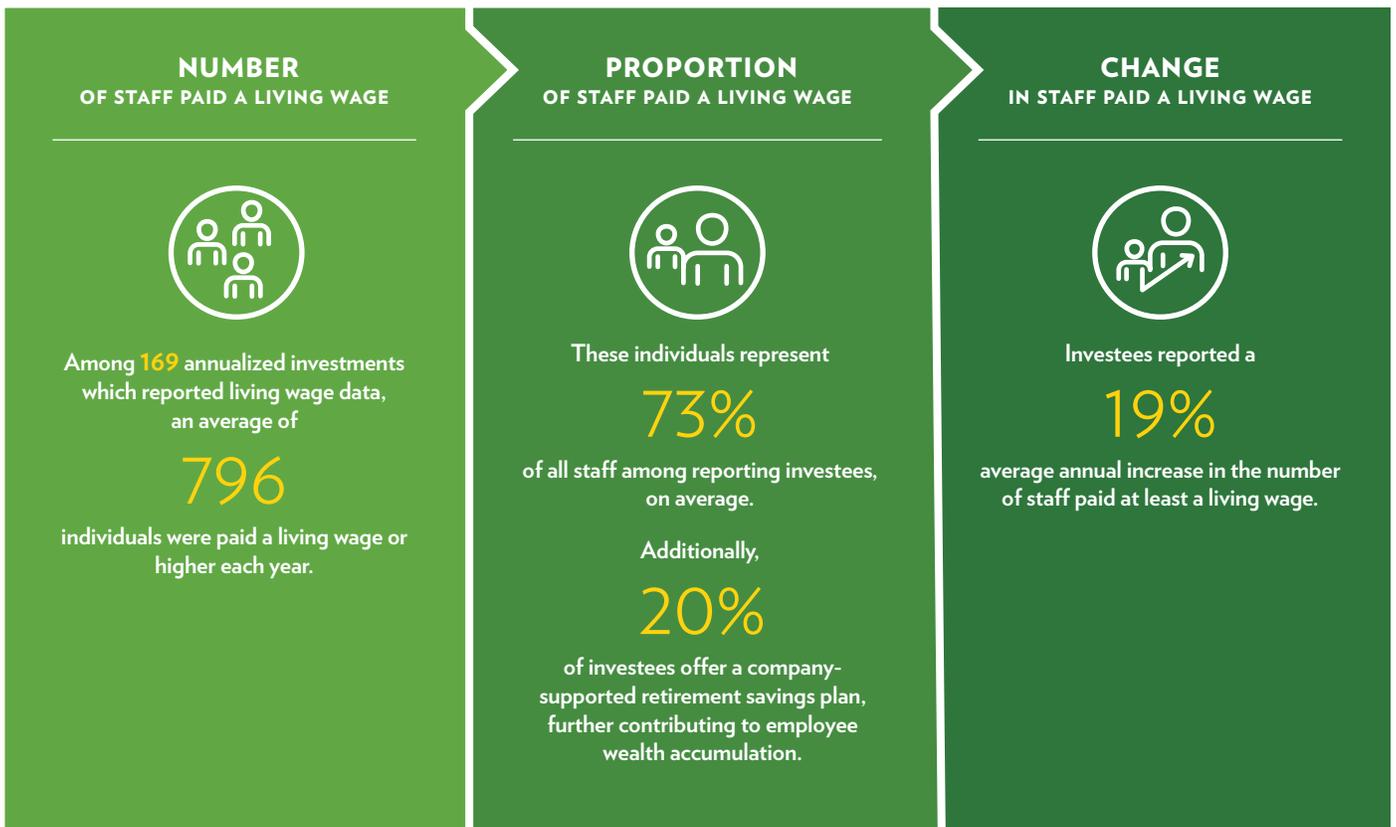
recognizes that the incarceration of a mother has a greater impact on her child than the incarceration of a father and increases the chances of the child being incarcerated later in life. With this disparity in mind, Agape expanded employment opportunities in its contact centers to women and other marginalized groups, including incarcerated women, single mothers, persons with disabilities, low-income individuals, and those living in halfway homes. As of December 2020, 63% of individuals formerly employed through Agape's training system were women. For each individual, Agape provides technical customer service training along with personal mentorship, including job-readiness training and emotional support. This creates an environment where individuals feel confident in their ability to break the cycle of recidivism and thrive in full-time employment arrangements. While Agape endeavors to continue reducing the recidivism rate among its employees, it credits its progress in promoting equality to its training programs, its treatment of incarcerated employees with dignity, and the maintenance of personal, one-on-one relationships with employees beyond the end of their employment with Agape. More than 750 incarcerated individuals have been impacted by Agape to date, with the benefits of this impact extending beyond affected individuals to their families and broader communities.



\* Learn more about GII's goal of human flourishing [here](#).

# Increased incomes

Income is one critical driver of wealth accumulation. By supporting companies that offer staff at least a living wage, investors can help individuals and their dependents meet their basic needs and build longer-term wealth. Earning a living wage (at a minimum) is especially important for individuals from groups historically marginalized on the basis of race and/or ethnicity, women, and individuals living at or below the poverty line. Longer term, by supporting a living wage—and continuing to grow incomes over time—investors can accelerate wealth accumulation and begin to close wealth gaps.



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## FEATURED IRIS+ METRICS

### Employees Earning a Living Wage or Higher (OI4724)

Number of full-time, part-time, and temporary employees of the organization that are earning a local living wage or higher as of the end of a one-year period

### Full-time Employees: Total (OI3160)

Number of paid full-time employees at the organization as of the end of a one-year period

### Employment Benefits (OI2742)

The benefits provided to full-time employees of the organization during a given year

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## KEY FINDINGS

Investors reported the number of staff paid a living wage or higher across 169 annualized investments. Among these investees, an average of 796 staff were paid at least a living wage, representing 73% of their average total employee base. One in five investees also offer company-supported retirement savings plans to staff. On average, investees report a 19% annual increase in the number of staff paid a living wage or higher. Growth in this wage bracket is especially strong for venture-stage investments (51% per year), as well as for investments in the ICT sector (41%).

## METHODOLOGICAL APPROACH

This pathway focuses on the number, annual change, and proportion of staff paid a living wage or higher. When year-on-year data were available, analysis explored changes in the number of staff paid a living wage; this represents a subset of respondents, since many investors shared information for just one year. To assess proportion, analysis compares the number of staff paid a living wage to the total number of staff at an investee; in cases where respondents did not share total staff, this ratio was excluded from aggregate analysis. The underlying data do not show whether changes in the number of staff paid a living wage result from individuals moving from one wage bracket to another or if these changes represent growth in total staff size. To explore investor contribution, figures were adjusted to reflect investment-weighted, rather than company-level, impact performance, by multiplying impact results by the ratio of the investment size outstanding to the enterprise value as of the end of the reporting period. However, other factors besides size of investment also naturally play critical roles in investor contribution, such as the nature of stakeholder engagement, any non-financial support provided, and catalytic capital structures offered.

Critically, although this study captured information on the number of total employees belonging to key demographics—such as women or individuals from historically marginalized groups due to race and/or ethnicity—analysis did not explore the demographics of those individuals paid a living wage or higher. Generally, individuals from more vulnerable populations are disproportionately paid lower wages so it would not be appropriate to assume that the same share of total staff belonging to certain demographics is paid a living wage.\*

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\* For more information on IRIS+ Gender and Racial Equity themes, visit [IRIS+](#).

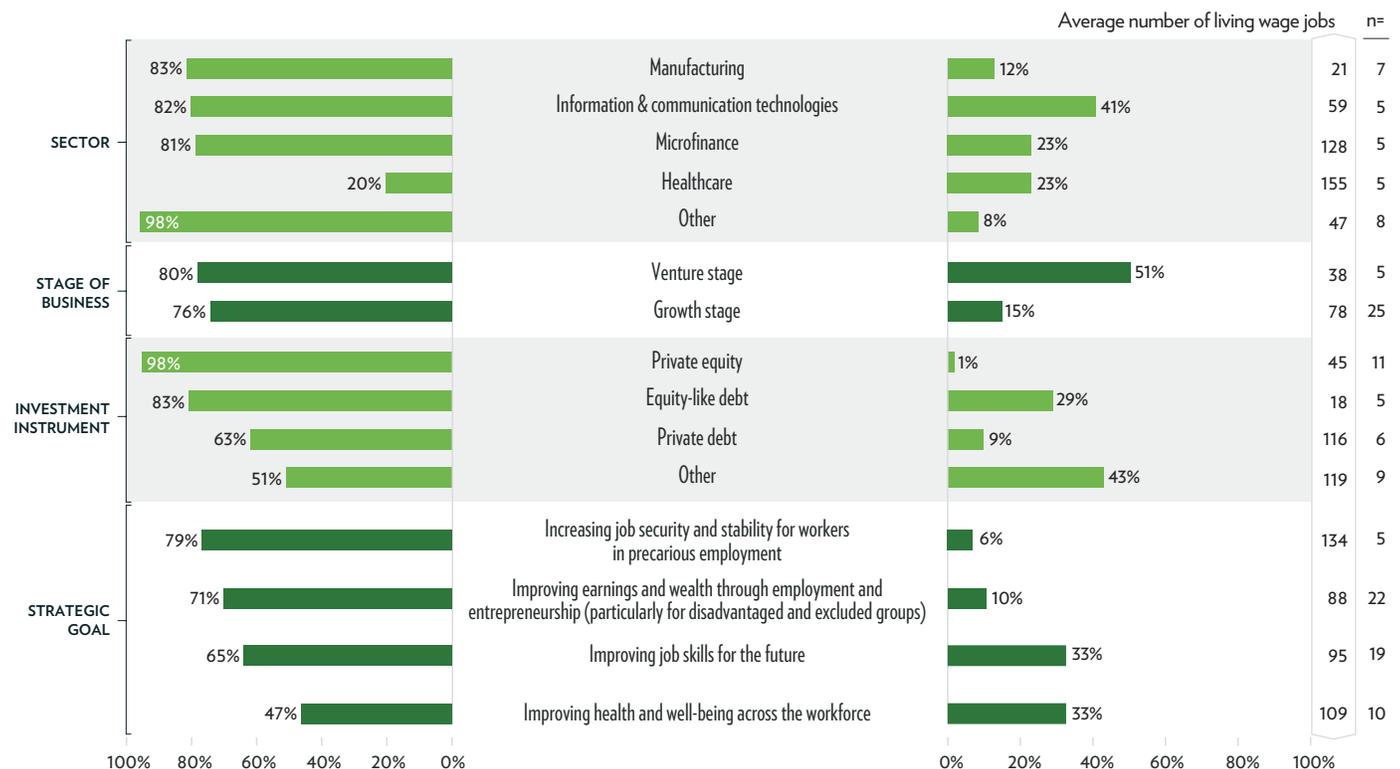
## COMPARING IMPACT RESULTS AMONG PEERS

The proportion of staff earning incomes at or above a living wage vary depending on investees' sector, stage of development, and specific impact goals (Figure 18). Across the sample, investees paid a living wage or higher to 73% of their staff, on average. The proportion of staff at or above a living wage varies by market segment and does not necessarily correlate to the number of staff in this wage bracket.

By sector, investors reported that over 80% of investee staff received living wages, on average, at organizations in the ICT, microfinance, and manufacturing sectors. Investees within the ICT sector have also seen the fastest average increase in the number of individuals earning a living wage or better, at 41% per year. By contrast, healthcare companies had just 20% of their staff at or above a living wage, on average, even as they also had the greatest average number of individuals at a living wage or higher (155 individuals).

As is perhaps expected, venture-stage investees grew the number of staff paid a living wage faster than have growth-stage investees (51% versus 15% year-on-year growth). However, investees at both stages of growth paid a comparatively similar share of staff a living wage (80% and 76%, respectively). Nearly all staff at private equity investees are paid a living wage (98%, on average), compared to 63% at private debt investees. Private equity companies showed the least year-on-year change (1%) by asset class, perhaps reflecting their initial strong starting point.

**FIGURE 18: Proportion of and increase in individuals earning a living wage each year, across segments**



Left axis : Proportion of employees at or above a living wage, average Right axis : Annual percent increase in number of jobs at a living wage, average.

Source: GIIN, Understanding Impact Performance: Quality Jobs Investments, 2021

Interestingly, investments seeking to improve earnings and wealth through employment and entrepreneurship had an average of more than 70% of staff receiving a living wage or higher. These same companies reported a relatively lower number of overall staff at a living wage and indicated a slower increase (at 10% per year) in the number of staff receiving a living wage compared to those investments pursuing other goals. By contrast, both investments seeking to improve health and well-being across the workforce and those seeking to improve job skills for the future reported an increase in the number of employees paid a living wage of 33% per year but also a relatively lower share of employees paid a living wage (47%). Among investments seeking to increase job security and stability for workers, nearly eight in ten staff were paid a living wage (79%). These variations highlight how investors and investees alike might emphasize different aspects of their impact: the proportion of staff paid a living wage or the year-on-year changes in that figure.

Notably, across segments, the change in the number of staff at or above a living wage may reflect staff graduating from a lower to a higher pay bracket, growth in overall staff numbers, or any combination of both.

### INVESTOR CONTRIBUTION

Among those investments reporting living wage data, 51 also reported on the investment amount outstanding and enterprise value. Multiplying the number of staff provided a living wage by the ratio of the outstanding investment amount to enterprise value offers insight into the contribution of the investor toward living wage outcomes.\*

On average, these investees paid **337 STAFF** a living wage.



This corresponds to an investment weighted figure of **27 STAFF**

#### FEATURED IRIS+ METRIC

##### Stakeholder Engagement (OI7914)

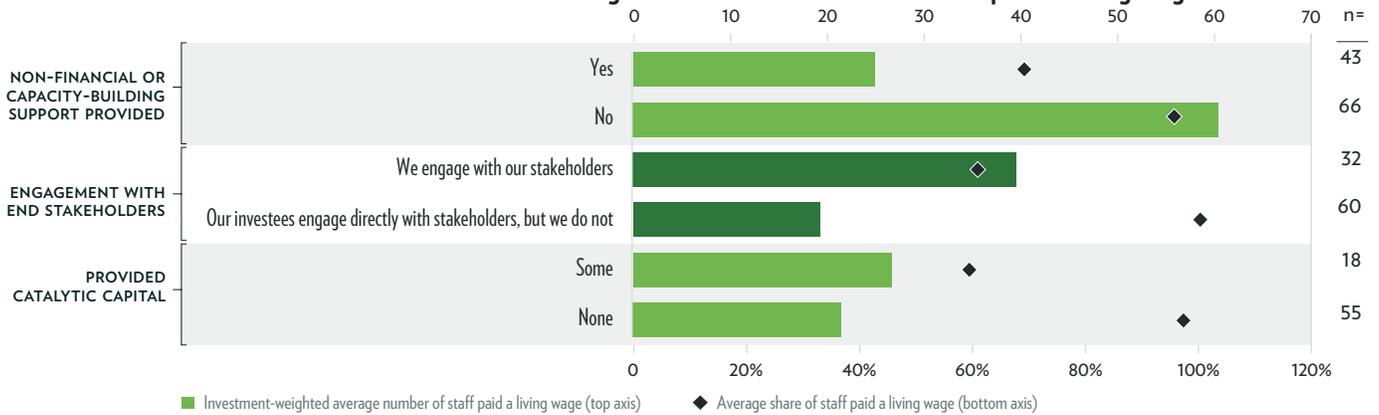
Mechanisms in place to gather input from stakeholders on product/service design, development, and delivery

Investments that provided some form of technical assistance reported fewer staff paid a living wage, both in investment-weighted terms and as a share of overall staff size, than did investments with no technical assistance component (Figure 19). Instances in which the investor engaged directly with end stakeholders in some form—whether to consult on their needs, to track impact, or for other purposes—averaged a higher, investment-weighted number of staff paid a living wage (39 individuals) compared to cases in which end stakeholders were engaged indirectly by the investee company (19 individuals).

\* Learn more about this calculation to assess investment-weighted impact results in the [COMPASS](#) methodology.

However, the converse was true regarding the overall share of employees paid a living wage. Lastly, investments for which catalytic capital was not provided averaged a greater share of total staff paid at or above a living wage (98% versus 60% for investments offering some form of catalytic capital). The average, investment-weighted number of staff at or above a living wage was relatively similar, however, whether or not catalytic capital was provided.

**FIGURE 19: Investor contribution to the investment-weighted number and share of staff paid a living wage**



Source: GIIN, *Understanding Impact Performance: Quality Jobs Investments, 2021*

## SPOTLIGHT: MAJ INVEST & MIBANCO

### Improving incomes and well-being

*Maj Invest is a Danish-based asset manager focused on financial inclusion through private equity and venture capital investments worldwide.*

Through its focus on financial inclusion, Maj Invest seeks to improve incomes for both employees at portfolio companies and end stakeholders accessing the financial services that those investees provide. Maj Invest engages with its portfolio companies throughout the life of its investment by integrating sustainability objectives into the investee's mission, actively participating at the board level, and collaborating on adoption of impact practices, including alignment to industry best practices and certifications.

Mibanco, a Colombian financial inclusion firm and Maj Invest portfolio company since 2018, targets improved incomes and livelihoods for end stakeholders through the provision of financing to Colombian microentrepreneurs. Mibanco uses a relational model, in which clients have a direct, personal relationship with regional organization representatives.

This model guarantees proximity of the service provider to its recipients and sustains relationships with end stakeholders over the short- and long-term to ensure that microfinance loans are having their desired impact. Over half (52%) of Mibanco clients are women, and 58% live in urban areas. In addition to the services provided to clients, Mibanco has undertaken a strategy to improve income levels for its direct employees. Under development as of November 2021, this strategy will update remuneration valuations of job functions and positions, conduct internal and external equity analysis, and define an action plan to reduce existing salary gaps relative to industry standards and demographic inequities such as race and gender. These efforts, even though not fully formed, have begun to enhance employee's satisfaction with their income levels; in an internal 'Climate and Employee Experience Survey' conducted in 2021, 68% of employees reported a favorable view of their "remuneration and benefits", up from 62% in 2020. These figures reflect the role of increased incomes through employment in improving overall quality of life, especially for disadvantaged groups.



PHOTO CREDIT: MAJ INVEST

**INVESTMENTS SEEKING TO ENHANCE QUALITY JOBS...**



Investments delivered **skill-building training or mentorship** opportunities to an average of **492 staff** each year and grew the number of staff trained by **17% annually**



Workplace safety practices were offered across **17%** of investees, where the number of full-time employees **grew by 59%**



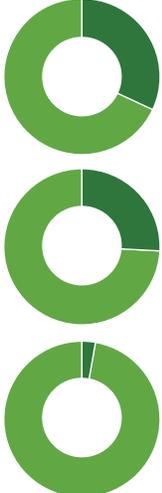
An average of **796 STAFF** were paid at least a living wage, representing **73%** of their employee base on average.

**INVESTMENTS IMPROVED GENDER INEQUITIES IN THE WORKPLACE, WITH...**

Anti-harassment and anti-discrimination policies in place across **32%** of investees and

**26%** of investees that offered paid family leave (maternity and paternity).

However, significant opportunity for progress remains with just **1%** of investments providing anti-harassment training.



The number of full-time women employed grew by **15%** annually across the sample. **36%** of all full-time staff are women.

The **gender wage equity ratio** was **0.95** across the full sample, and **1.01** among the subset of investees with anti-discrimination and anti-harassment policies in place to reduce workplace inequities, indicating that women at these organizations are paid slightly more than men, on average, for the same work.



Note: The regional benchmarks are based on the World Economic Forum's **2020 Global Gender Gap Index**; these values do not adjust for worker and job characteristics. Excludes two outlier annualized investments.

# Reflections: Lessons learned from comparable impact analysis

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**This third iteration of the GIIN's impact performance studies reinforces the constraints investors and investees face in capturing and sharing impact data, particularly data related to outcomes.**

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This study explores both typical impact performance across a sample of investments and the various strategies investors deploy to influence that impact. It also deepens the analytic approach to deriving rigorous, meaningful impact performance comparisons. Throughout the process, as the Research Team engaged with study participants and experts, several key learnings emerged on: impact data availability, impact over time, investor contribution, and impact comparability. These insights may inform the industry's development of decision-making tools that will enable investors to apply comparable impact information to the investment process.

1. **IMPACT DATA AVAILABILITY:** Investors shared hundreds of critical impact and financial data points—including both outputs and outcomes—that reflect the performance of their investments seeking to enhance quality jobs. Nonetheless, this third iteration of the GIIN's impact performance studies reinforces the constraints investors and investees face in capturing and sharing impact data, particularly data related to outcomes. For example, surprisingly few investors track number of full-time employees promoted, a key metric for understanding improved career progression opportunities. While this study relied on data related to skill-building training and mentorship opportunities to better understand improved job skills for the future, analyses do not offer insight into longer term outcomes, such as improved career progression opportunities or improved ability to find and retain employment. Investors also interpreted employees from marginalized and/or historically disadvantaged groups differently, a metric that naturally relies largely on the geographic region and varying contexts in which their investees operate. While data on full-time and permanent employees were more readily available, they are not sufficient to speak to outcomes within quality jobs. **This gap in data reinforces that investors must continue to collect standardized impact data and presents a clear opportunity for increased transparency in data sharing across metrics that are relevant to assessing impact performance.**

2. **IMPACT OVER TIME:** Data submissions that included historical impact information enabled the Research Team to assess annual changes in impact results, a significant leap that signals investors' progress towards its commitment to data transparency. Investor willingness to share these data enabled analysis of not only the reach or breadth of impact but also impact over time, as presented in the COMPASS methodology.\* Scale of impact, pace of change, and the volume of change generated each offer important—and often differing—insights into impact performance. For example, while total number of individuals earning a living wage or better is relevant to baseline performance, understanding impact performance requires assessing the amount of and percent change in individuals earning a living wage or better relative to the prior year. In general, assessing impact over time enables investors to compare and contextualize actual change in their year-on-year impact. It has become increasingly clear that while absolute impact figures are necessary for context, the crux of impact performance is to measure the change in these figures. **Investors should assess multiple angles of impact performance; while using point-in-time figures is useful as a baseline, measuring impact over time is crucial to understanding and comparing impact performance.**

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**Assessing impact over time enables investors to compare and contextualize actual change in their year-on-year impact.**

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3. **INVESTOR CONTRIBUTION:** Investees are a central force in creating impact on the ground. In addition to investee-level results, this study explores investment-level insights to begin to understand investor contribution. Investment-weighted impact results can help investors explore key decisions that can meaningfully contribute to generated impact, such as stakeholder engagement mechanisms, provision of non-financial support, and deployment of catalytic capital. In this sample, however, such factors were not always associated with stronger impact performance. For example, in cases where investors did not provide non-financial or capacity-building support, the number of women employed grew faster at investee organizations with certain gender equity policies as compared to those where additional support was not provided (27% compared to just 13% growth in women employed). That said, these findings cannot be generalized; in addition to the small sample sizes, understanding causality would require econometric analysis that accounts for a variety of additional factors, such as the timing of additional support and varying business models. This speaks to the need for additional insight to better understand how to influence impact results and use mechanisms, such as non-financial support and stakeholder engagement mechanisms, most effectively to drive results. **Insight into the drivers of impact remain a critical area for further research. This topic – drivers of impact performance – merits econometric analysis that can account for a variety of factors to inform investor strategies and correlate investor practice to impact results.**

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\* This study does not explore how much impact is achieved per dollar invested, also known as efficiency of impact. Assessing efficiency requires both impact and financial data over the life of an investment, as well as comparison of those data across investments at the fund level. Further refinement to methodologies of fund-level impact analysis is needed to rigorously assess investment efficiency.

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**Contextual factors are critical to understanding and comparing the impact performance of investments.**

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4. **IMPACT COMPARABILITY:** Contextual factors are critical to understanding and comparing the impact performance of investments. Disaggregating results by sector, stage of business, geographic region, and instrument, among other dimensions, can enable nuanced and meaningful comparison of results. Naturally, not all metrics are suited for the same type of comparison. Some work well with aggregate comparison (e.g., number of decent jobs supported), others work well with narrow comparisons (e.g., product type), and still others work best for analysis of a single entity over time (e.g., volume of product). In addition to comparing impact performance within market segments, comparing impact results to the change needed to address the broader challenge allows investors to determine whether their investments are having an under- or out-sized effect relative to global annual reduction targets. Importantly, however, it is not always feasible to contextualize impact relative to an external threshold. In some cases, the impact data investors commonly track do not match SDG indicators or other global targets, nor do the data captured by investors consistently account for end stakeholders that previously lacked access, possibly rendering such external comparisons inaccurate. Nonetheless, gauging impact achieved relative to the broader social or environmental goal is critical to understand the extent to which an investment is genuinely contributing toward progress. **Contextualizing impact based not only on investor-, investment-, and investee-level information but also against global thresholds helps to gauge the progress investors are making in addressing global challenges, but such thresholds cannot be applied consistently across outcomes; generating meaningful insights from such comparisons requires a nuanced approach.**

These lessons learned continue to advance industry progress toward comparable impact insights, informing the efforts of a variety of players that are building industry infrastructure and ultimately enabling investors to become more effective and efficient in achieving impact with their capital.

# Conclusion and next steps

The GIIN embarked on the impact performance studies for two primary reasons: first, to use real data to shed light on the impact performance of investments within a theme or lens – in this case, Quality Jobs. And second, to build, test, and iterate a standardized methodology to assess and compare impact performance across investments. This series ultimately seeks to build a foundation for the market’s impact performance infrastructure, enabling all investors to integrate impact into decision-making.

With 61% of the global workforce informally employed, far too many workers experience job insecurity, poor safety standards, and subpar wages. As a result, economies stagnate, wage gaps widen, and vulnerable countries further destabilize. Investors can address these inequities by investing into quality jobs, thereby promoting economic security, improving livelihoods, and creating stronger and more resilient individuals, families, and communities. In this sample, investors aim to support and retain quality jobs by making investments to improve workers’ job skills and occupational safety, increase incomes, and reduce gender inequity in the workforce.

This study offers insight into various angles of impact performance and investor contribution across investments seeking to enhance quality jobs. Conventionally, investors often describe impact at a point in time, assessing the total reach or breadth of their investees’ operations, products, and services. However, this offers just one layer of a multidimensional impact story. Year-to-year changes in the outcomes associated with investments offer additional depth to understand the effects of investors’ and investees’ activities. Comparing these insights to evidence-based global development or climate targets demonstrate both progress achieved and the continuous need for further impact investment.

## What this means for investors

Context has always been critical for impact investors in terms of sector, geography, stage of business, and asset class. However, this study demonstrates that context also matters in terms of the amount of change—“the delta”—both over time and in proportion to peer groups and to the pace of change needed to solve global challenges. Investment-weighted impact results should be assessed and compared within the context of the change that is needed.

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**This study offers insight into various angles of impact performance and investor contribution across investments seeking to enhance quality jobs.**

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**It is clear that investors must begin to identify, clarify, and refine fundamental assumptions about the nature of their contribution.**

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This research also explores the extent to which investors' inputs influence impact results. Various factors—such as capital, engagement, and investment terms—begin to illuminate how investors may leverage a range of strategies to contribute to impact. This may raise new questions or challenge long-held beliefs, for example by encouraging investors and the industry to reflect on how they can most effectively use technical assistance to increase the number of workers who receive a living wage. While there is still much more to learn, it is clear that investors must begin to identify, clarify, and refine fundamental assumptions about the nature of their contribution. Insight into investor contribution can equip investors to make better-informed, evidence-based decisions to contribute to greater, more effective impact.

## What this means for the industry

The significant volume of data that investors submitted for this study—the largest set of annualized investments so far—highlights the leadership by a group of investors committed to deepening the industry's understanding of impact performance. While this signals tremendous industry progress in data transparency, gaps in data remain. Industry-wide efforts focused on data sharing and aggregation promise to bring life to impact results by allowing investors to rigorously assess and compare impact performance relative to their peers and to the social and environmental solutions needed.

The GIIN has stepped forward to address investor and industry demand for impact performance analytics. Building upon IRIS+, COMPASS, and this series of impact performance studies, the GIIN is developing impact performance benchmarks to enable investors to better integrate impact into their decision-making. As data availability grows, the GIIN will also study the various drivers of impact performance to inform investors how their inputs and decisions can influence impact results and to lay a strong foundation for additional analytics products to come.

This research should empower investors to not just reflect on whether the impact performance of their investments is sufficient to solve global challenges, but also leverage their role and capital to improve quality employment. For the industry, this work lays a pragmatic foundation for benchmarking impact performance at scale, driving markets toward more powerful measures of impact.

## APPENDIX 1:

# Study participants and advisors

**This study would not be possible without the participation, guidance, and leadership from the following organizations:**

AgDevCo	HCAP Partners
AHL Venture Partners	Impact Ag Partners
Ankur Capital	INOKS Capital
Anonymous 1	Innpact S.A.
Anonymous 2	Investisseurs & Partenaires
Anonymous 3	Kukula Capital
Anonymous 4	Lendable
Anonymous 5	Maj Invest Financial Inclusion
Anonymous 6	Mennonite Economic Development Associates (MEDA)
ASN Bank	New Forests Pty Ltd
Beyond Capital Fund	Norsad Finance
Boston Impact Initiative	Nuveen, a TIAA Company
Bridges Fund Management	Okavango Capital
Business Oxygen Pvt. Ltd	Omnivore
Enhanced Capital	Southern Pastures
EXEO Capital, Agri-Vie Fund I & Agri-Vie Fund II	TriLinc Global, LLC
Fondaction	UBS Optimus Foundation
Futuregrowth Asset Management	Upaya Social Ventures
Garden Impact Investment	Women's World Banking
Global Social Impact	

The GIIN appreciates the support of the following organizations, which helped to encourage impact investors in their networks to participate in this research study: AVPN, Bertha Centre, HIPSO, Impact Investing Institute UK, New Ventures, and Upstart Co Lab.

## APPENDIX 2:

# List of definitions

### GENERAL

**Stakeholder:** The end person(s) or ecosystem(s) that investments target or seek to impact, such as clients, employees, suppliers, etc.

**Enterprise value:** The market value – or net present value – of equity plus the market value of debt for that investee entity in the reporting period.

**Impact:** Positive and negative social and environmental results associated with a given investment, without necessarily a link or attribution of those results to an investment and the products, services, and operations of the investee. This report reflects both positive and negative impacts, to the extent that it's possible.

**Impact investments:** Investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. They can be across asset classes, in both emerging and developed markets, and target a range of returns from below-market to market-rate, depending on the investors' strategic goals.

**Impact pathway:** A sequence that connects outputs-level data to short-term and longer-term outcome indicators, based on relevant sets of evidence and rigorous assumptions.

**Investee:** The company, project, or real asset receiving the capital allocation to then finance its business activities (e.g., operations and design, production, and sales of products or services).

**Investment amount outstanding:** The remaining balance of a debt investment (original loan amount – principal repaid) or the estimated valuation of an equity investment into that investee in the reporting period.

**Investment-weighted:** Impact results multiplied by the ratio of the investment amount outstanding and the enterprise value of investees to reflect investment-level impact.

**Living wage:** Renumeration received for a standard work week by a worker in a particular time and place sufficient to afford a decent standard of living, including food, water, housing, education, healthcare, transport, clothing, and other essential needs, including provision for unexpected events. (Source: Global Living Wage Coalition)

**Outputs:** The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes.

**Outcomes:** Change for affected stakeholders that is plausibly associated with the products/services of the enterprise.

### STAGE OF BUSINESS

**Seed/start-up:** Business idea exists, but little has been established operationally; pre-revenues.

**Venture:** Operations are established, and company may or may not be generating revenues, but does not yet have positive EBITDA.

**Growth:** Company has positive EBITDA and is growing.

**Mature:** Company has stabilized at scale and is operating profitably.

### TYPES OF IMPACT RISK

**Evidence risk:** The probability that the evidence on which the strategy is based is not good evidence that the expected impact will occur.

**External risk:** The probability that external factors disrupt our ability to deliver the expected impact.

**Stakeholder participation risk:** The probability that the expectations and/or the experiences of stakeholders are misunderstood or not considered.

**Drop-off risk:** The probability that the expected impact does not endure.

**Efficiency risk:** The probability that the expected impact could have been achieved with fewer resources or at a lower cost.

**Execution risk:** The probability that the activities are not delivered as planned and do not result in the desired outputs.

**Alignment risk:** The probability that impact risk is not locked into the enterprise model.

**Endurance risk:** The probability that the required activities are not delivered for a long enough period.

**Unexpected impact risk:** The probability that significant unexpected positive and negative impact is experienced by people and the planet.

## **JOB TYPES**

**Full-time employee:** Full-time paid employees work year-round and typically work 35-50 hours per week.

**Part-time employee:** Part-time paid employees work year-round but do not meet full-time equivalency standards (typically less than 35 hours a week).

**Permanent employee:** Permanent employees do not have a pre-determined employment termination date.

**Temporary employee:** Temporary employees are defined as seasonal and contract employees. Seasonal employees are primarily used in agriculture or fisheries. Contracted employees are generally hired for the completion of a specific task.

## APPENDIX 3:

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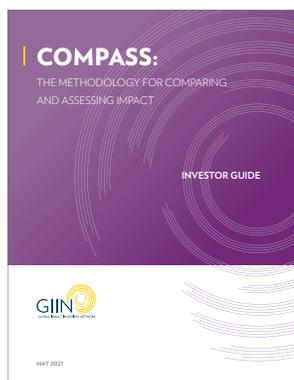
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# About the Global Impact Investing Network

This report is a publication of the Global Impact Investing Network (GIIN), the leading global champion of impact investing, dedicated to increasing the scale and effectiveness of impact investing around the world. The GIIN builds critical market infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry.

## Relevant Resources

Each of the GIIN resources below offer additional data and guidance related to impact performance.



### COMPASS Methodology

COMPASS presents a tested, widely accepted methodology to assess and compare impact results. Since impact is inherently multi-dimensional and complex, this methodology is designed to offer investors insight into three critical impact performance figures: scale, pace, and efficiency.



### Understanding Impact Performance

The *Impact Performance Studies* aggregate investment level data to compare impact results across investments.



### IRIS+ Core Metrics Sets

This document describes the main elements of the IRIS+ Core Metrics Sets: the questions they address, shortlists of key indicators, clear step-by-step calculation instructions, and the key insights derived from each indicator.



### IRIS+ to Build an Impact Portfolio

This document provides practical guidance on how to use IRIS+ to inform investor's decision-making when building an impact portfolio.



### IRIS+ for Due Diligence

This document provides practical guidance on how to use IRIS+ within impact due diligence to inform investment decision-making.

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## Roadmap for the Future of Impact Investing

Interested in helping to build the field of impact investing? The GIIN's [Roadmap for the Future of Impact Investing: Reshaping Financial Markets](#) presents a vision for more inclusive and sustainable financial markets and articulates a plan for impact investing to lead progress toward this future. To download the Roadmap and find more information about opportunities to get involved, visit [roadmap.thegiin.org](https://roadmap.thegiin.org).



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## DISCLOSURES

The Global Impact Investing Network ("GIIN") is a nonprofit 501c(3) organization dedicated to increasing the scale and effectiveness of impact investing. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry.

Readers should be aware that the GIIN has had and will continue to have relationships with many of the organizations identified in this report, through some of which the GIIN has received and will continue to receive financial and other support.

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