PURPOSE
This document features how Calvert Impact Capital, a non-profit investment firm, uses IRIS+ to support its impact measurement and management practice. Specific topics addressed include adherence to the Core Characteristics of Impact Investing and use of IRIS+ to inform decision-making across the investment life cycle, including a specific example of how Calvert Impact Capital aligns to IRIS+ Core Metrics Sets.

AUDIENCE
Impact investors, specifically asset managers implementing an Impact Measurement and Management (IMM) practice. This may also be useful to enterprises and intermediaries or service providers working with impact investors.

LEVEL: BEGINNER

REFERENCE
Use this document with

IRIS+ Core Metrics Sets
IRIS Catalog of Metrics

July 2021
INTRODUCTION
This document illustrates how Calvert Impact Capital applies IRIS+ to its impact measurement and management practice, describing:

- How Calvert Impact Capital adheres to the Core Characteristics of Impact Investing
- How IRIS+ is used across the investment cycle, including investee screening and management
- An example of how IRIS+ Core Metrics Sets are used to assess a current portfolio

Investor Background

<table>
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<tr>
<th>Institution Name</th>
<th>Calvert Impact Capital</th>
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**Institution Description**
Calvert Impact Capital makes impact investable. Through the organization’s products and services, capital is raised from individual and institutional investors to finance intermediaries and funds that provide broad economic opportunity and protect the planet. Calvert Impact Capital raises retail and institutional capital through their fixed-income product, the Community Investment Note® (Note), as well as institutional capital through their Syndication services. During the organization’s 25-year history, they have mobilized over $2 billion of investor capital. All investor dollars are channeled to create positive, measurable social and environmental impact across nine sectors in communities in the US and around the world.

| Total AUM | $532.3 million |
| Impact AUM | $532.3 million |

**Asset Classes**
Private debt

**Target Geography**
Global; typically, 60% of capital is invested in the US and 40% is invested internationally

**SDGs of Focus**

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<th>SDG</th>
<th>Description</th>
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**Impact Categories of Focus**
Calvert Impact Capital’s 9 sectors touch all IRIS+ categories. See [IRIS+ Thematic Taxonomy](#) for a full list of categories.

ABOUT THE GIIN
The Global Impact Investing Network (GIIN) is the global champion of impact investing, dedicated to increasing its scale and effectiveness around the world. The GIIN builds critical market infrastructure and supports activities, education, and research that help to accelerate the development of a coherent impact investing industry. IRIS+ is managed as a public good by the GIIN.
CORE CHARACTERISTICS IN ACTION

Calvert Impact Capital adheres to the four practices that define impact investing, as outlined by the Core Characteristics of Impact Investing.

Core Characteristic #1. Intentionally contribute to positive social and environmental impact through investment alongside a financial return

Calvert Impact Capital uses capital in innovative and collaborative ways to create an equitable and sustainable world. Their work is focused on connecting investors to organizations that strengthen communities and sustain the planet while providing a financial return. Through their flagship product, the Community Investment Note®, Calvert Impact Capital enables investors to access a portfolio of more than 100 mission-driven funds and intermediaries that finance thousands of nonprofits, social enterprises, and communities in-need worldwide. Investor dollars finance solutions to address inequality and climate change across 9 different impact sectors, creating positive and measurable impact around the world.¹

Core Characteristic #2. Use of evidence and impact data in investment design

Calvert Impact Capital's goal is to create tangible, positive impact on social and environmental challenges through investments, and help all people live healthy, happy, and productive lives on a more sustainable planet. In an effort to achieve this goal, the organization has developed a theory of change and impact objectives for each sector in which they lend (more information can be found at calvertimpactcapital.org/sectors). These theories of change are based on sector and market research, as well as industry impact evidence through sources such as the SDGs, World Bank, IRIS+, GOGLA, Social Performance Task Force, and other sector-specific groups.² These various industry groups provide market, sector, and geographic research on various financing gaps and other challenges experienced by the populations they target, and thus enable Calvert Impact Capital to make better informed decisions on where their capital can be the most impactful. Additionally, the theories of change are continuously refined based on insights from borrowers. Calvert Impact Capital reassesses their sector strategies at least every three years in conjunction with strategic planning cycles.³

Core Characteristic #3. Manage impact performance

Calvert Impact Capital has created an Impact Measurement and Management (IMM) framework to help assess progress in carrying out their mission, identify opportunities for improvement, and better understand the social and environmental impact of invested capital. By utilizing structured IMM procedures, they are able to effectively manage and ultimately maximize their impact.

The organization’s IMM Framework outlines how invested capital creates impact for their investors, borrowers, and for people and planet. The IMM Framework is illustrated in Figure 1.

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¹ The current portfolio breakdown at https://www.calvertimpactcapital.org/portfolio.
² A full reference of the standards used and aligned to can be found at https://www.calvertimpactcapital.org/impact and in each of the Annual Impact Reports.
³ The most recent Strategic Plan can be found at https://www.calvertimpactcapital.org/strategy.

Figure 1: Impact measurement & management framework
Within the IMM Framework, Calvert Impact Capital measures and optimizes for social and environmental impact across 3 layers: Investor Impact, Portfolio Impact, and Community Impact. Investor Impact is the impact on investors through the offering of a retail-accessible note and on institutional co-lenders through syndication services. Portfolio Impact is the impact on borrowers through financing. Lastly, Community Impact is the impact invested capital has on the ground in global communities by financing solutions to inequality and climate change.

Additionally, Calvert Impact Capital embeds IMM tools within each step of the investment process—including strategic planning, deal sourcing and origination, monitoring and annual reporting, and exit or repayment. Impact is measured and managed at each of those stages, across the 3 layers of impact mentioned above (Investor Impact, Portfolio Impact, and Community Impact). Impact performance is managed at the transaction-level through a combination of monthly, quarterly, and annual financial and impact reporting. Findings from the transaction-level impact reporting are analyzed on a portfolio level to assess trends in impact performance, determine the overall strategic impact borrowers are achieving, and identify areas for more hands-on impact monitoring and management. This may mean identifying areas for borrowers to improve their own IMM or ESG management practice, identifying additional metrics that borrowers can collect to be better aligned with industry best practice, or improving specific metric data collection methodology, such as GHG reduction calculations or using proxies to estimate number of women clients.

Portfolio impact management processes allow Calvert Impact Capital to assess the value that capital has in each investment made. This value is created not only throughout the life of the specific investment but also in the growth of the markets in which they invest, seen after years of concentrated investment, such as the decades of investing they have done in the CDFI and microfinance markets. The analysis of impact achieved is incorporated into future impact due diligence processes as well as an assessment of impact achieved when a borrower renews or repays a loan. The results of these analyses are released as case studies in annual impact reports as well as regular success stories on Calvert Impact Capital’s website.

Core Characteristic #4. Contribute to the growth of impact investing

Calvert Impact Capital has spent decades forging a path between capital markets and communities to move capital at scale to address shared global challenges. The organization contributes to the growth of impact investing by offering accessible products and services that address market gaps while meeting investor needs, collaborating with industry partners to grow best practice, and sharing insights and lessons learned.

Offering accessible products and services with impact integrity

Calvert Impact Capital has raised $2 billion through a unique and accessible fixed-income investment product called the Community Investment Note® (Note) to channel capital into high impact investments to communities around the world. Note investors include institutional, accredited, and retail investors, and Note purchases range from $20 (the minimum through Calvert Impact Capital’s online platform) to over $20 million. The Note blends financial, social, and environmental returns into one accessible product and is one of the only widely distributed retail impact investment products in the US, with sales through over 100 brokerage platforms. The Note offers global exposure to more than 100 countries and the US, across a multitude of sectors, as well as robust reporting on social and environmental impact.

Investors continue to rely on Calvert Impact Capital’s Note as a gateway to impact investing. The organization’s 2020 Investor Survey found that the Note was the first impact investment for 47% of their investors. In fact, 40% of their investors stated that the Note is their only impact investment.

Calvert Impact Capital also works with institutional co-lenders through their Syndication services, launched in 2017 specifically in response to a growing gap in the market. On one hand, there was an increased demand from institutions looking to lend to mission-driven organizations, but lacked the capacity to source and structure transactions. On the other hand, borrowers and other community intermediaries struggled to work with lenders to raise capital in a manner that was efficient and timely. In response, Calvert Impact Capital built their Syndication services to reduce the friction between the supply of capital and the demand for it. These services help borrowers raise and manage capital more efficiently while providing unique access to deals for lenders.

More information on Syndication services can be found at [https://www.calvertimpactcapital.org/syndication](https://www.calvertimpactcapital.org/syndication).
Collaborating with key industry partners

Calvert Impact Capital is a part of key industry collaborations, working groups, and calls to action. The organization is a member of the GIIN Investors’ Council and actively participates in the development of IRIS+, GIIN Impact Performance Studies, and the GIIN’s gender lens investing working group. Furthermore, Calvert Impact Capital was among the group of GIIN Investors’ Council members to pilot the Impact Management Project’s (IMP) 5 dimensions of impact.

Additionally, in June 2020, Calvert Impact Capital signed Racial Justice Investing’s Investor Statement of Solidarity to Address Systemic Racism, a call to action for investors and financial service providers to commit to action and accountability to achieve racial equity.

Calvert Impact Capital is also a founding Signatory to the Operating Principles for Impact Management, a set of impact management best practices designed to promote impact integrity and increase transparency in reporting. The Principles provide a common market standard to evaluate an asset manager’s impact management processes and are essential to creating industry clarity around IMM practices. In accordance with the Principles, Calvert Impact Capital released its inaugural Disclosure Statement and Verification Statement – the second Signatory to release both – in Spring 2020.5

Lastly, Calvert Impact Capital is also a member of the IMP’s Impact Frontiers, a learning and innovation collaboration of investors and field-builders dedicated to advancing the integration of impact into financial frameworks, processes, and decision-making.6

Sharing knowledge and expertise

Calvert Impact Capital believes sharing best practices and lessons learned is essential to building a robust impact investing industry. This belief serves as a foundation for their efforts, so their insights from over 25 years of impact investing experience are widely shared across the industry. Calvert Impact Capital publishes research, shares lessons learned, and conducts investor training on impact investing topics such as gender lens investing, impact management, and specific sector approaches. These topics sit at the nexus of the organization’s institutional knowledge and where widespread industry interest is observed and/or investor confusion can be clarified.

In addition to working with borrowers and other key industry players, Calvert Impact Capital works closely with investors (both retail and institutional), financial advisors, wealth managers, and faith-based investors to educate them about impact investing. Every two years, an impact investor survey is conducted, and the results and trends are shared with the industry. In 2019, a short Guide to Impact Investing for Financial Advisors was released and the organization’s staff members continue to serve as resources for advisors who are growing their impact practices. Calvert Impact Capital wants investors and their financial partners to have the tools they need to invest for impact – with the goal of channeling more investor capital for impact and scaling impact investing with integrity.

5 The current Impact Disclosure can be found at https://www.calvertimpactcapital.org/impact/disclosure.

6 More information about the work with Impact Frontiers can be found at calvertimpactcapital.org/imm.
HOW IRIS+ SUPPORTS CALVERT IMPACT CAPITAL ACROSS THE INVESTMENT CYCLE

Alongside many other industry standards, IRIS+ has helped shape Calvert Impact Capital’s IMM practices throughout the investment lifecycle – including investment strategy, impact due diligence, ongoing impact monitoring and reporting, and exit. Calvert Impact Capital’s investment lifecycle and the IMM tools they use across each stage are illustrated in Figure 2.

Figure 2: Calvert Impact Capital’s Investment Lifecycle

Investment Strategy and Theory of Change

Calvert Impact Capital utilizes a robust internal evidence base, including third-party research, literature reviews, and in-house research, to validate sector theories of change and assess the potential impact a loan may have. During this process, the evidence base in IRIS+ is often utilized. Because the organization’s portfolio is diversified across 9 sectors, consistently reviewing the evidence base and incorporating borrower feedback into the theories of change is critical to channeling capital effectively. Figure 3 outlines a high-level theory of change that shows how Calvert Impact Capital’s lending across nine sectors finances solutions to global inequality and climate change.

Figure 3: Calvert Impact Capital’s lending across nine sectors
Impact Due Diligence and Assessment

Calvert Impact Capital uses an internal impact due diligence tool, their Impact Scorecard, to assess the projected impact of a loan at the due diligence stage. The Impact Scorecard is broken out into two sections aligned with their IMM Framework – Portfolio Impact and Community Impact – and contains 27 questions that can be categorized by the Impact Management Project’s 5 dimensions of impact (what, who, how much, contribution, and impact risk). An outline of the Impact Scorecard is illustrated in Figure 4.

The questions for the what, who, and how much dimensions are directly aligned with IRIS+ metrics and IRIS+ Core Metrics Sets, and Calvert Impact Capital looks forward to continuing to work with the GIIN and the broader industry to converge on industry-accepted metrics for the contribution (both enterprise and investor contribution) and impact risk dimensions.

Internal due diligence memos are produced for each loan or investment, including an assessment of expected impact in comparison to various internal sector and market benchmarks (that are produced from Calvert portfolio data), and are based directly on findings from the Impact Scorecard. Currently, Calvert Impact Capital develops internal portfolio benchmarks based on a variety of IRIS+ metrics. As the GIIN continues to drive towards providing analytics to better understand impact performance, Calvert Impact Capital looks forward to using these analytics to better contextualize impact achieved in comparison to an industry benchmark. The benchmarks used are illustrated in Figure 5.
Impact Monitoring and Reporting

Calvert Impact Capital collects impact data from each of their borrowers on an annual basis and strives for all metrics to align with IRIS+ wherever possible. Calvert Impact Capital has participated in several GIIN workstreams to inform the development of IRIS+ Core Metrics Sets for specific impact themes. As a result, most of the firm’s internal impact metrics align with IRIS+ Core Metrics Sets. Impact data gathered against these metrics are used in a variety of ways both internally and externally, including in Calvert Impact Capital’s annual impact report to investors, impact due diligence, internal analysis and benchmarking, and to inform portfolio strategy.

After assessing the projected impact of a loan or investment at the origination stage (using the Impact Scorecard described above), Calvert Impact Capital continues to monitor the progress of each loan in achieving impact against expectations at each stage in investment lifecycle. This happens in three main ways:

1. collecting and analyzing annual impact data in alignment with IRIS+ Core Metrics Sets
2. using the Impact Scorecard to re-score the credit and update as new information on impact becomes available
3. conducting quarterly portfolio reporting and impact risk monitoring

This data is used internally to monitor impact performance as well as externally to report impact performance.

Exit

When a borrower exits the portfolio, or when they renew their loan, impact projections are reviewed and improved based on lessons learned and the achievement of impact, particularly when the impact falls short of projected targets. Calvert Impact Capital consistently incorporates these lessons learned, often based on use of IRIS+ metrics, into their strategy, which helps them work towards their vision: to use capital in innovative and collaborative ways to create a more equitable and sustainable world. Examples of IRIS+ supporting Calvert Impact Capital during exit can be found at https://www.calvertimpactcapital.org/impact/success.

Illustration of Calvert Impact Capital Alignments IRIS+ Core Metrics Sets: Renewable Energy Portfolio

Calvert Impact Capital lends to funds and financial intermediaries around the world across the renewable energy portion of the portfolio. The renewable energy sector investments are spread across both US and international loans to intermediaries that increase access to efficient and affordable clean energy, and that create opportunities for businesses and communities to grow in a sustainable way.

Internationally, Calvert Impact Capital’s strategy is to incubate and strengthen funds and financial intermediaries that are providing debt capital to small and growing businesses that provide reliable access to energy, particularly for communities not connected to the grid. In the US, their strategy focuses on meeting the needs of intermediaries that are filling market gaps in the renewable energy sector. Cross-sector opportunities are pursued to increase clean energy access and affordability for underserved communities across the US, often with community development and affordable housing partners.

Gender lens investing is also a focus across the entire portfolio. Calvert Impact Capital believes that investing with a gender lens has the potential for outsized impact in the renewable energy sector. Access to clean energy can improve women’s health by reducing indoor air pollution and can enable more opportunities for activities like education and entrepreneurship. By strengthening the gender lens approach in this relatively young sector, investments within this portfolio can ensure that as it grows, its dedication to gender inclusion grows with it.
How Calvert Impact Capital Aligns their Renewable Energy Portfolio with IRIS+ Core Metrics Sets

Calvert Impact Capital implements several impact strategies within their renewable energy portfolio, therefore the organization references multiple IRIS+ Core Metrics Sets when choosing metrics to measure and manage impact. Across the renewable energy portfolio, 1-5 primary metrics are collected from every borrower, in addition to a range of secondary metrics from borrowers, depending on their unique strategy and specific market context. Primary metrics are chosen based on metrics that every borrower in that sector within the portfolio can report on, and secondary metrics are all the remaining contextual metrics that are often specific to only a handful of borrowers, or at times just one borrower. These primary and secondary metrics are aligned with metrics within the IRIS+ Core Metrics Sets that match their investment strategies, including alignment to methodologies for gathering data.

In order to align to IRIS+ Core Metrics Sets, Calvert Impact Capital assesses its current primary and secondary metrics against the Core Metrics Sets that align with the investment strategies that are undertaken in each sector. In particular, the Core Metrics Sets have been helpful in identifying where there may be gaps in primary and secondary metrics and help to augment the metrics against which data is collected, thereby allowing Calvert Impact Capital to have a more comprehensive view of impact across all dimensions and across the portfolio. This also improves Calvert Impact Capital’s and their borrowers’ alignment to industry best practice.

The process for aligning Calvert Impact Capital’s renewable energy portfolio is illustrated below.

<table>
<thead>
<tr>
<th>IRIS+ Themes and Strategic Goals</th>
<th>IRIS-Aligned Data from Calvert Impact Capital’s Renewable Energy Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Calvert’s Strategic Goals for Energy Access Theme</strong></td>
<td><strong>Greenhouse Gas Emissions Strategy (O18237)</strong>&lt;br&gt;Yes, all borrowers in this portfolio have a GHG strategy</td>
</tr>
<tr>
<td>Improving Energy Alternatives for Cooking</td>
<td><strong>Greenhouse Gas Reductions due to Products Sold (P15376)</strong>&lt;br&gt;4.3 million metric tons CO2 reduced</td>
</tr>
<tr>
<td>Reducing Harmful Emissions from Small-Scale Energy Sources</td>
<td><strong>Product/Service Description (P07899)</strong>&lt;br&gt;Units/Volume Sold: Total (P11263)&lt;br&gt;20% increase in clean energy products sold by businesses borrowers finance</td>
</tr>
<tr>
<td>Improving Lighting for Homes</td>
<td><strong>Client Individuals: Provided New Access (P12822)</strong>&lt;br&gt;17.7 million people with improved access to energy</td>
</tr>
<tr>
<td>Improving Lighting for Business</td>
<td><strong>Client Individuals: Provided New Access (P12822)</strong>&lt;br&gt;708,288 women with improved access to energy</td>
</tr>
<tr>
<td>Improving Lighting for Connectivity</td>
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Calvert’s Strategic Goals for Diversity and Inclusion Theme

Reducing Gender Inequities in Governance, Leadership, and Ownership

Reducing Gender Inequalities Through Tailored Products and Services

**Target Stakeholder Demographic (P05752)**

On average, 44% of borrowers’ senior management are women

Data from FY 2019
Learnings

Over the last decade, Calvert Impact Capital has explicitly used a gender lens when investing in the renewable energy sector, particularly in Sub-Saharan Africa. Many of the metrics reported above are the product of years of helping borrowers improve their data collection, particularly for gender disaggregated data. As one example, SunFunder is a fund manager whose funds are financed by Calvert Impact Capital to impact energy access for women and girls. SunFunder is a solar finance business that has directly impacted the lives of girls and women by providing energy access to households across Sub-Saharan Africa and Asia. SunFunder began collecting gender disaggregated data which helped them better understand how to serve their solar company client base. They developed a gender policy and action plan, including assessing how their clients approach hiring as well as the gender diversity of their own team, directors, and credit committee. They are now working with gender experts to embed gender into their investment process through credit appraisals and monitoring as well as internal operations.

Additionally, Calvert Impact Capital regularly publishes insights on investing with a gender lens so the broader industry can benefit from lessons learned.⁷

Lastly, using IRIS metrics to track portfolio level data ensures that every investment is collecting the same type of data in the same way, making it easy to aggregate the data and use for decision making.

REFLECTIONS AND LOOKING AHEAD

Calvert Impact Capital has been a supporter of the GIIN and IRIS+ from the start and continues to see great value in using IRIS+ in many ways across the investment lifecycle stages. IRIS+ has helped the industry align around impact metrics and definitions, allowing investors to harmonize metrics to communicate consistently to both investees and the broader capital markets. This allows Calvert Impact Capital to focus less on definitional differences and more on optimizing impact performance.

Internally, the IRIS+ Core Metrics Sets have been a crucial tool, guiding Calvert Impact Capital to assess impact across all investments. Using IRIS+ ensures that Calvert Impact Capital does not miss a critical dimension, and that all relevant dimensions of impact are integrated into their Impact Scorecard. Given their use of standardized metrics, Calvert Impact Capital has been able to build internal benchmarks to evaluate a borrower’s impact performance, both during due diligence and after.

IRIS+ has helped Calvert Impact Capital build a strong IMM infrastructure, allowing them to move beyond impact measurement to true impact management. Their IMM framework now serves as a launch pad that enables them to grow their portfolio, as well as other potential future products and services, while maintaining a robust IMM practice and impact integrity. Looking across the industry, the practices and data analysis supported by IRIS+ are essential to creating a foundation for industry growth, ensuring that impact investing can reach the scale demanded of it by global challenges.

⁷ More information can be found at https://www.calvertimpactcapital.org/gender.
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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