Agenda

1. Key Findings from the 2020 Annual Impact Investor Survey
2. IRIS+ Update
3. Q&A
4. Next Steps
Key Findings from the 2020 Annual Impact Investor Survey
What is special about this edition?

- Marks 10 years of Annual Surveys!
- Features content on climate investing, catalytic capital and reflections on 10 years of market progress
- Spotlights the effects of COVID-19 on impact investing
- Includes an updated market sizing analysis
Three key findings for today’s discussion

1. Investors have **diverse impact** motivations

2. The market is **growing in depth and sophistication** and IMM is central to that

3. Impact investors hold a **positive outlook for the future, despite headwinds**
Investors have *diverse impact motivations.*
Respondents have a wide range of characteristics...

294 impact investing organizations...

- Headquartered in 46 countries
- Mostly making only impact investments (61%)
- Majority made their first investment during the last decade (52%)
- Managing USD 404 billion in impact investing assets
...and **diverse** organization types

Source: 2020 GIIN Annual Impact Investor Survey; n= 294
... with 7 in 10 investors targeting ‘decent work and economic growth’ followed by ‘no poverty’

Source: GIIN, 2020 Annual Impact Investor Survey

n = 294; respondents could select multiple answer options; ‘Other’ target SDG-aligned impact themes include affordable housing, technology and innovation, small and medium-enterprise development, racial equity, and cross-cutting themes such as job creation, focus on stakeholders with disabilities, gender equality, and environmental conservation. Some respondents also noted that they do not proactively target SDG-aligned impact themes.
Impact investors allocate AUM **globally**

AUM (excl. outliers) = USD 221 billion

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>U.S. &amp; Canada</td>
<td>30%</td>
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<tr>
<td>WNS Europe</td>
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<tr>
<td>LAC</td>
<td>12%</td>
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<td>SSA</td>
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<td>EECA</td>
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<td>Oceania</td>
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<td>East Asia</td>
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<td>SE Asia</td>
<td>3%</td>
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<tr>
<td>MENA</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
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</tbody>
</table>

Fast growing geographies in the last four years among repeat respondents:

- WNS Europe – 25%
- East and Southeast Asia – 23%
- LAC – 21%

Source: 2020 GIIN Annual Impact Investor Survey; n = 289. Excludes three outliers and two respondents that did not share AUM data.
Most respondents allocate AUM to basic services, such as energy, food & ag, and fin. services

AUM (excl. outliers) = USD 221 billion

- Energy: 16%
- Financial Services (excl microfinance): 12%
- Forestry: 10%
- Food & agriculture: 9%
- Microfinance: 8%
- Housing: 8%
- Healthcare: 7%
- WASH: 6%
- Infrastructure: 4%
- Manufacturing: 3%
- ICT: 3%
- Education: 3%
- Arts & culture: 0.1%
- Other: 11%

Fast growing sectors in the last four years among repeat respondents:
- WASH – 33%
- Financial Services – 30%
- Healthcare – 23%

Source: 2020 GIIN Annual Impact Investor Survey; n = 289. Excludes three outliers and two respondents that did not share AUM data.
Impact investors deploy capital across both private & public markets

AUM (excl. outliers) = USD 221 billion

- Private debt: 21%
- Public equity: 19%
- Private equity: 17%
- Real assets: 17%
- Publicly traded debt: 17%
- Equity-like debt: 1%
- Deposits & cash equivalents: 1%
- Other: 8%

Fast growing instruments in the last four years among repeat respondents:

- Public equity – 33%
- Real assets – 21%
- Publicly traded debt – 16%

Source: 2020 GIIN Annual Impact Investor Survey; n = 289. Excludes three outliers and two respondents that did not share AUM data.
The full **impact investing market size** is estimated at ...

**Notes on interpreting the figure:**

- Indicator of market size is aggregate impact investing AUM
- Market size is estimated
- Comparing $502 billion and $715 billion
- Not the same data pool as the Annual Survey

$715 bn

estimated AUM from over 1,720 organizations ...
The market is growing and **IMM is central** to that.
Respondents perceive **substantial progress** in industry **research & IMM** over the last decade...
...but also expect some **challenges** to face the market over the next five years

Source: 2020 GIIN Annual Impact Investor Survey; n = 294. Each respondent selected three challenges. Indicators are ranked in order of the number of respondents that selected each as a challenge.
Respondents most commonly use the UN SDGs, followed by IRIS and IRIS+ to measure and manage impact.

**Use of tools, frameworks, and systems**

- United Nations Sustainable Development Goals: 73%
- IRIS Catalog of Metrics: 46%
- IRIS+ Core Metrics Sets: 36%
- Impact Management Project (IMP): 32%
- United Nations Principles for Responsible Investment (UNPRI): 29%
- B Analytics/GIIRS: 18%
- Operating Principles for Impact Management: 18%
- Global Reporting Initiative (GRI): 11%
- Aeris CDFI rating system: 11%
- Sustainability Accounting Standards Board (SASB): 9%
- Other: 17%
- We do not use any external tools or frameworks: 11%

*n = 294; respondents could select multiple answer options; Source: GIIN, 2020 Annual Impact Investor Survey*
Over half use the SDGs to **set** impact objectives, while IRIS and IRIS+ are used to **report** on impact performance.

**Use of tools, frameworks, and systems by purpose**

- **United Nations Sustainable Development Goals**
  - To set impact objectives: 52%
  - To measure impact performance: 37%
  - To report impact performance: 48%

- **IRIS Catalog of Metrics**
  - To set impact objectives: 19%
  - To measure impact performance: 36%
  - To report impact performance: 27%

- **IRIS+ Core Metrics Sets**
  - To set impact objectives: 16%
  - To measure impact performance: 29%
  - To report impact performance: 20%

- **Impact Management Project (IMP)**
  - To set impact objectives: 21%
  - To measure impact performance: 21%
  - To report impact performance: 16%

- **United Nations Principles for Responsible Investment (UNPRI)**
  - To set impact objectives: 16%
  - To measure impact performance: 10%
  - To report impact performance: 18%

**Source:** GIIN, 2020 Annual Impact Investor Survey
Investors have increased the **rigor of their IMM practice**, but opportunities remain for **impact performance verification** and **comparability**.

Source: GIIN, 2020 Annual Impact Investor Survey
Impact investors are generally satisfied with performance.
Respondents report strong performance relative to financial and impact expectations.

Performance relative to expectations:

- **Financial performance**
  - **Underperforming**: 12%
  - **In line**: 68%
  - **Outperforming**: 20%

- **Impact performance**
  - **Underperforming**: 1%
  - **In line**: 78%
  - **Outperforming**: 21%

N = 282 on left side; 274 on right side. Excludes those that answered 'not sure'.
Source: GIIN, 2020 Annual Impact Investor Survey
But many respondents expect financial underperformance in a COVID world – although 18% expect to outperform on impact

Performance against expectations, as a result of the COVID-19 pandemic

- Financial performance:
  - Not sure: 15%
  - Underperform: 46%
  - In line: 34%
  - Outperform: 5%

- Impact performance:
  - Not sure: 19%
  - Underperform: 16%
  - In line: 46%
  - Outperform: 18%

Source: GIIN, 2020 Annual Impact Investor Survey

n = 122; optional question.
Despite this, most plan to **maintain** their capital commitment plans for 2020.

Source: GIIN, 2020 Annual Impact Investor Survey

n = 122; optional question.
Key Takeaways

1. Investors have **diverse impact motivations**

2. The market is **growing in depth and sophistication** and IMM is central to that

3. Impact investors hold a **positive outlook for the future, despite headwinds**
IRIS+ Update
Advancing the understanding of Impact Performance

Through GIIN’s impact performance studies, IRIS+ makes it possible to integrate impact data into investment decision-making
IRIS+ | Ongoing Development

IRIS+ is expanding coverage, guidance, and alignments on an ongoing basis

Thematic Coverage

Ongoing development of themes in partnership with experts. Currently in progress: Quality Jobs with ILO, Climate Change Mitigation with CERES, WASH with Water.org and Water Equity, and Sustainable Agriculture

Alignments

Ongoing focus on data interoperability and use of S&E data for decision-making

• Update of existing alignments
• Development of universal meta-map
• API
• Linkage with Impact Performance Studies

Education & Guidance

Practical resources and tools to help improve IMM practice

• Fundamentals
• Use Cases
• How-to practical guidance
• Webinars and workshops
IRIS+ | Thematic Coverage

Available in IRIS+ Now
- Financial Inclusion
- Energy Access
- Education
- Quality Healthcare
- Smallholder Agriculture
- Sustainable Forestry
- Affordable Housing
- Gender Lens
- Sustainable Water Mgmt.

In development (launch 2020)
- WASH
- Quality Jobs
- Climate Change Mitigation

To be developed (kick off 2020 and beyond)
- Clean Energy
- Sustainable Agriculture
- Racial Equity
- Pollution
- Waste
- Oceans & Marine
- Biodiversity
- Air
IRIS+ is built in alignment with 50+ standards, frameworks, and metric sets
IRIS+ | Alignments: HIPSO
Recently published 2 pager and we continue to work towards harmonization with HIPSO

Summary 2-pager

Harmonized Indicators for Private Sector Operations

<table>
<thead>
<tr>
<th>Sector</th>
<th>IRIS ID</th>
<th>Metric</th>
<th>Sector</th>
<th>IRIS ID</th>
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<td>Cross-sector</td>
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<td>Direct Employment - Construction Phase</td>
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<td>Payments to Government</td>
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<td>Payments to Government</td>
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<td>Community development contributions</td>
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<td>Value of Community Development Contributions</td>
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<tr>
<td>International Sustainability Certification</td>
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<td>Operational Certifications</td>
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Agriculture

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<td>Total Sales</td>
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<td>Export Sales</td>
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<td>Average Agricultural Yield</td>
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Education

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<th>Students Enrolled</th>
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| Energy

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<td>Power Distribution Estimation Methodology</td>
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<td>Power Distribution Estimation Methodology</td>
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Detailed spreadsheet - 91% alignment
IRIS+ | Alignments: Next Steps

Individual alignments (e.g., IRIS-HIPSO)

<table>
<thead>
<tr>
<th>Harmonized Indicators for Private Sector Operations</th>
<th>IRIS+ 5.1 Metrics</th>
<th>IRIS+ 5.1 Metrics</th>
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<tr>
<td>Sector</td>
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<td>Direct Employment - Construction Phase</td>
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<td>Farmers reached</td>
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<td>Client Indicators: Smallholder</td>
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<td>Supplier Indicators: Smallholder</td>
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<td>Permanent Employees: Total</td>
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<td>Average Agricultural Yield</td>
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<td>Average Client Agricultural Yield: Total</td>
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<td>School Enrollment: Total</td>
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<td>Energy</td>
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<td>Number of Household and Business Connections</td>
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Universal Metamap
(in development)

IRIS Taxonomy

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<tr>
<th>ID</th>
<th>Title</th>
<th>Sustainable Development Goals (SDGs)</th>
<th>IMP Dimensions</th>
<th>The Tri Hita Karana Roadmap</th>
<th>Harmonized Indicators for Private Sector Operations</th>
<th>ZK Challenge Indicators</th>
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Q&A
Next Steps & Engagement Opportunities
## Ongoing Engagement Opportunities with the GIIN

<table>
<thead>
<tr>
<th>IRIS+ (IMM)</th>
<th>Research</th>
<th>Membership &amp; Market Building</th>
<th>R3 Coalition</th>
</tr>
</thead>
<tbody>
<tr>
<td>- IRIS+ working group</td>
<td>- <strong>Impact Performance Studies</strong>: Ongoing data collection for FI, Ag, Clean Energy, and Housing - forthcoming publications on FI and Ag</td>
<td>- <strong>Membership</strong>: 330 members from 50 countries</td>
<td>- Virtual Co-Investment Convenings</td>
</tr>
<tr>
<td>- Guidance and Use Cases</td>
<td>- <strong>Financial Performance</strong>: On-going discussions on how impact investors assess financial performance across asset classes</td>
<td>- <strong>Workstreams</strong>:</td>
<td>- Issue Briefs and Knowledge Exchange</td>
</tr>
<tr>
<td>- Development of IRIS+ themes: Quality Jobs, Climate Change Mitigation, Sustainable Ag</td>
<td>- <strong>10th Annual Survey</strong></td>
<td></td>
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<tr>
<td>- New functionalities and link to performance analytics</td>
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