



RATINGS
& ANALYTICS
for Impact Investing



Q1 2012

GIIRS Quarterly Analytics Report

The GIIRS Quarterly Analytics Report is the first impact investing industry report to provide key findings and trends in data collected from GIIRS rated companies and funds, covering sectors, sizes, maturities and geographies. Findings from the report provide a uniquely powerful tool for investors to benchmark their own portfolios against this data set. To compare your own portfolio of impact investments to this rated universe, sign up as a subscriber to GIIRS Ratings & Analytics.



THE GIIRS INDEX

Powered by



for Q1 2012

GIIRS GLOBAL INDEX

Global Index Rating



Global Index Score

86

The GIIRS Index sets a standard for impact performance in the impact investing industry. Each GIIRS Index is calculated from the *median score* of the relevant group of GIIRS rated companies. The GIIRS Index allows entrepreneurs and investors to benchmark their impact performance against a current index over time.

GIIRS DEVELOPED MARKET INDEX

Index Rating



Index Score

82

GIIRS EMERGING MARKET INDEX

Index Rating



Index Score

101

IMPACT AREA MEDIAN SCORES

The median scores across the GIIRS rated marketplace by Impact Area allow for benchmarking of impact performance at a more detailed level, to compare current performance and to set targets for future performance.

GIIRS GLOBAL GOVERNANCE MEDIAN

Rating



Score

8

GIIRS GLOBAL WORKERS MEDIAN

Rating



Score

21

GIIRS GLOBAL COMMUNITY MEDIAN

Rating



Score

36

GIIRS GLOBAL ENVIRONMENT MEDIAN

Rating



Score

13

The GIIRS Index will be issued on a quarterly basis using the latest data from the GIIRS rated marketplace. Real-time GIIRS Indices and more detailed data are accessible via the GIIRS Analytics online platform. Soon, investors will be able to benchmark:

1. Key performance indicators (KPIs)
2. Scores relative to financial scale

KEY FINDINGS

1

Scores reflect a full spectrum of impact across the GIIRS rated universe

- The median GIIRS score for developed market companies is 82 and the median for emerging/frontier markets is 101.
- The spread between high and low scores in both geographic markets exceeds 100 points, signifying that the GIIRS rating process is successful in differentiating impact.

OVERALL SCORES BY MARKET

TABLE 01

	Total/Both Markets	Developed Markets	Emerging/ Frontier Markets
High Score	168	141	168
Low Score	25	36	25
Median Score	86	82	101
# Companies	136	72	64

Scores are out of 200 possible points.

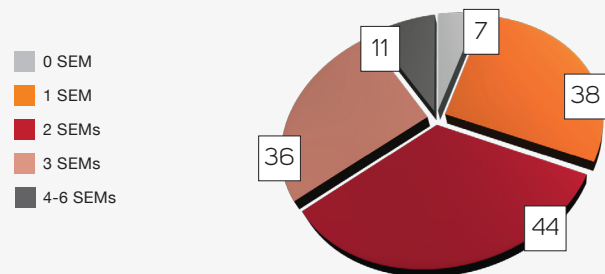
2

Most GIIRS rated companies are designed for positive impact

- 95% of rated companies have at least one Socially or Environmentally Focused Business Model (see page 6 for more detail)
- 85% of rated companies provide a socially-beneficial or environmentally-beneficial product or service to consumers
- 38% of rated companies target the underserved with beneficial products or services

COMPANIES EARNING CREDIT FOR SOCIALLY OR ENVIRONMENTALLY FOCUSED BUSINESS MODELS (SEMs)

GRAPH 01



3

Early Trend

Emerging market rated companies earn more points for Community-focused Business Models (Community SEMs)

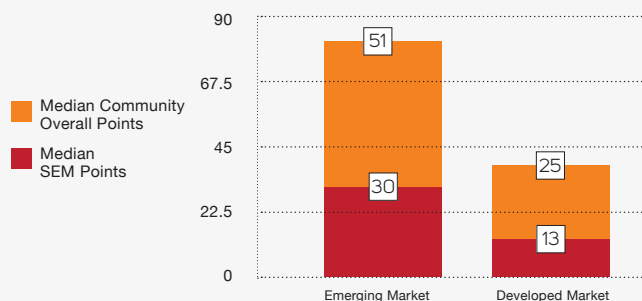
From the first set of rated companies, data shows that emerging market companies tend to earn points for:

- providing a socially focused product or service
- targeting the underserved
- focusing on supply chain models, and
- having job creation focused business models

Whether this trend persists over time will be proven as the universe of rated companies grow.

MEDIAN COMMUNITY POINTS EARNED

GRAPH 02



THE GIIRS MARKETPLACE

This report is based on data collected through January 31, 2012 from all GIIRS rated companies. Out of the 136 rated companies, 72 completed the developed markets assessment and 64 completed the emerging markets assessment. This includes portfolio companies of GIIRS Pioneer Funds, GIIRS Partners (Investors Circle, Tonic, SVX, Agora Partners) and Certified B Corporations that have been rated. Throughout the report, data is only provided where the sample size includes six or more data points; otherwise it is left blank.

The marketplace of GIIRS rated companies is diverse by geography, covering 19 countries across three market types:

Market Type	Countries
DEVELOPED	Canada, New Zealand, United Kingdom, United States
EMERGING	Costa Rica, Georgia, Ghana, Guatemala, Honduras, India, Mexico, Peru, South Africa, Vietnam
FRONTIER	Bangladesh, Kenya, Liberia, Nicaragua, Uganda

There is a huge range of company sizes, from sole proprietorships¹ to 4,000 employee companies, with a median of 38 workers. The median number of workers for developed markets is 16 and for emerging markets is 65.

While countries are classified in 3 categories (developed, emerging and frontier), emerging and frontier markets complete the same emerging market assessment.

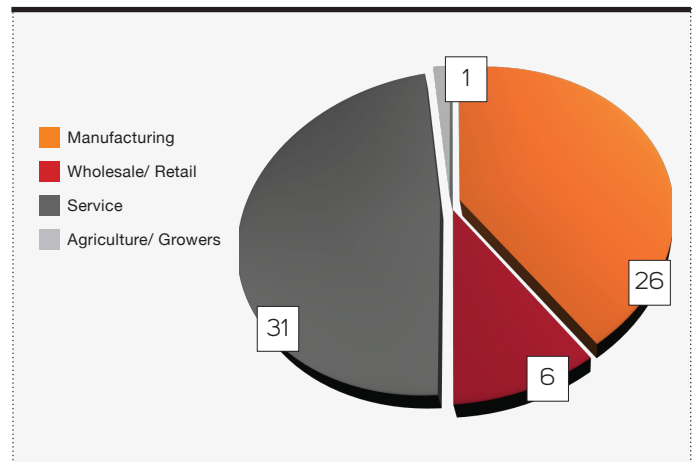
GIIRS MARKETPLACE SNAPSHOT TABLE 02

	Rated	Rating In Process	Total
Companies	136	114	250
Funds	14	35	49

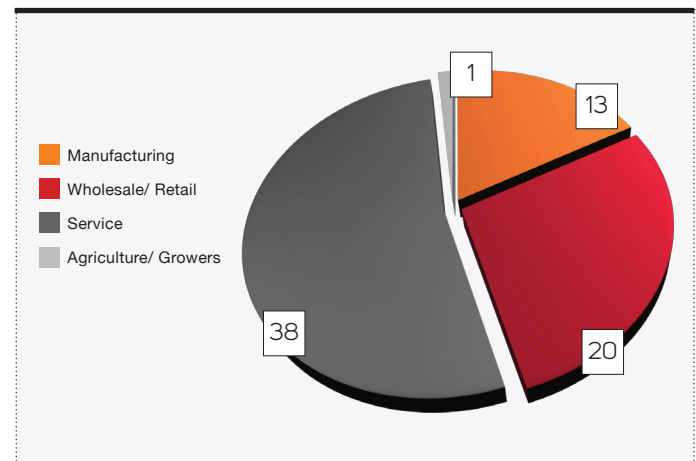
As of January 31, 2012

¹ Sole Proprietorships are classified as 0 employee companies, that have at least one working owner.

EMERGING/ FRONTIER MARKET COMPANIES BY SECTOR GRAPH 03



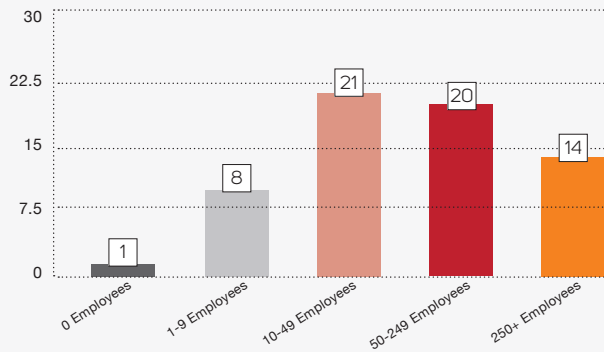
DEVELOPED MARKET COMPANIES BY SECTOR GRAPH 04



THE GIIRS MARKETPLACE CONTINUED

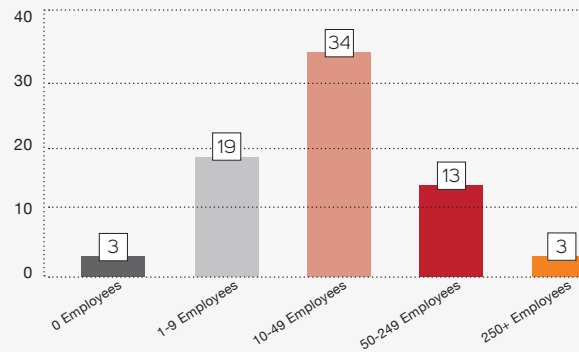
EMERGING/ FRONTIER MARKET COMPANIES BY NUMBER OF EMPLOYEES

GRAPH 05



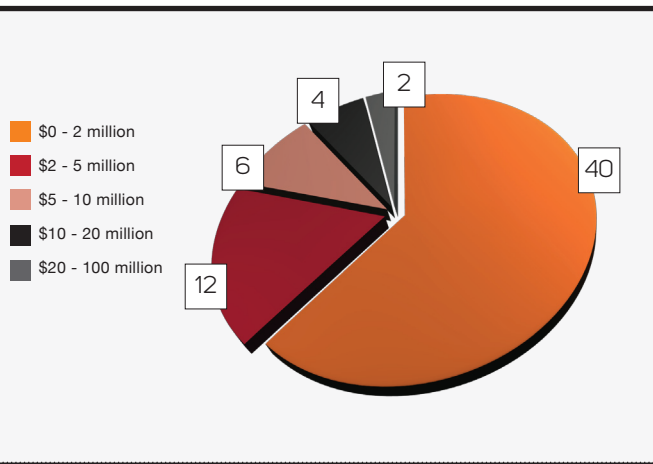
DEVELOPED MARKET COMPANIES BY NUMBER OF EMPLOYEES

GRAPH 06



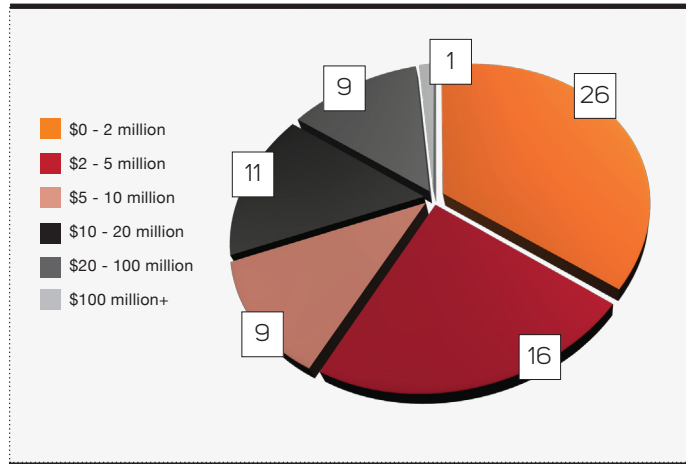
EMERGING/ FRONTIER MARKET COMPANIES BY ANNUAL REVENUE

GRAPH 07



DEVELOPED MARKET COMPANIES BY ANNUAL REVENUE

GRAPH 08



DATA TRENDS

In the GIIRS rating methodology, points are allocated across four impact areas – Governance, Workers, Community and Environment. In each impact area, points can be earned from “Operational” questions, which focus on positive practices and policies the company has implemented and their respective positive outputs, and points can be earned for a company’s Socially and Environmentally Focused Business Models (SEMs). SEMs are positive impacts that are built into a core business model in contrast to good business operations. Companies can earn up to 200 points across all Impact Areas through a combination of operational and SEM points.

SEMs cover topics such as:

- Socially and environmentally beneficial products and services
- Innovative wealth distribution models (employee-owned businesses, cooperatives and micro-franchises)
- Community-oriented models, such as businesses that actively hire underserved workers (job creation), engage in charitable giving, use innovative supply or distribution channels to alleviate poverty, or stimulate development of local economies
- Businesses that focus on achieving a high-standard of environmental efficiency in their production operations

AVERAGE OPERATIONAL AND SEM POINTS BY IMPACT AREA

TABLE 03

Overall and Impact Area Score	Overall	Developed Markets	Emerging Markets
Overall Score	91	83	100
Operational	54	51	58
SEM	36	32	42
Governance Score	8	9	7
Operational	7	7	7
SEM	1	2	---
Workers Score	22	22	22
Operational	22	22	22
SEM	0	0	0
Community Score	42	30	54
Operational	16	13	19
SEM	25	17	35
Environment Score	19	22	16
Operational	9	9	9
SEM	10	12	7

DM and EM companies earn similar operational points for Governance. Governance SEM is not offered on the EM assessment, so no EM companies earn SEM points here.

DM and EM companies perform similarly in the Workers section. Few companies earn SEM points for worker ownership models.

EM companies earn more operational points for Community. They also earn significantly more points for Community SEM - typically for Products & Services, Targeting the Underserved, Supply Chain and Job Creation.

EM and DM companies earn similar operational points in Environment. DM companies earn more SEM points, attributed mainly to the number of DM companies that earn Environmentally-focused Products & Services.

Averages are used for this data table to show how Operational and SEM points are earned and sum to the Overall scores. Table 3 shows the breakdown of average points earned from Operations and SEM by Impact Area and Geography. While scores by geography are fairly consistent across Impact Areas, the greatest difference in points earned between Operations and SEM and by geography can be found in the Community Impact Area.

DATA TRENDS CONTINUED

The following trends emerge from SEM data:

95% of rated companies earn credit for at least one SEM business model

52% of companies earn credit for a socially-beneficial product or service

44% of companies rated to date earn points for having an environmentally-focused product or service, with 68% of those companies based in developed markets

32% of companies that provide a socially beneficial product or service generate 100% of their revenues through sales to underserved populations

7% of companies rated to date have products that provide both social and environmental benefits

38% of rated companies earn credit for serving underserved populations, with more than one-third (38%) of those companies based in developed markets and slightly less than two-thirds (62%) in emerging/frontier markets

32% of companies –all in the developed markets - earn credit for Governance SEM³
³ There is no Governance SEM for Emerging Markets

15% of companies earn points for a Supply Chain focused business model

13% of companies focus on Job Creation, with 95% of those companies based in emerging markets

MOST COMMON SOCIAL OR ENVIRONMENTALLY FOCUSED BUSINESS MODELS (SEMS) BY MARKET AND MEDIAN POINTS EARNED

TABLE 04

	# Companies, EM	Median Points Earned for SEM, EM	# Companies, DM	Median Points Earned for SEM, DM
Average Overall SEM Score	60	42	69	30
Socially-Focused Products & Services	36	25	35	15
Environmentally-Focused Products & Services	19	15	41	15
Targeting the Underserved Model	32	30	20	17
Governance Business Model	---	---	44	1
Supply Chain Focused Model	10	10	10	17
Job Creation Focused Model	17	6	1	---

DATA TRENDS CONTINUED

When comparing scores between emerging and developed markets by sector and size, differences emerge in certain sectors. Tables 5 and 6 show that the greatest geographic discrepancy is in Community Impact, where emerging market companies outperform developed market companies in all sectors and company sizes. This can be attributed to EM companies earning more points for SEM models in the Community Impact Area. To understand the Star Ratings and Point Allocation, refer to the Star Ratings by Point Distribution table at the bottom of page 8.

MEDIAN RATINGS BY GEOGRAPHY & SECTOR

Manufacturing companies outperform in Environment

TABLE 05

Geography & Sector	# Companies	Overall Rating	Governance	Worker	Community	Environment
Developed Market (DM)	72	★ ★ ★ (82)	★ ★ ★ ★ (8)	★ ★ ★ (22)	★ ★ (25)	★ ★ ★ (22)
Emerging/Frontier Market (EM)	64	★ ★ ★ ★ (101)	★ ★ ★ ★ (7)	★ ★ ★ (22)	★ ★ ★ ★ (51)	★ ★ (8)
DM Manufacturing	14	★ ★ ★ (83)	★ ★ ★ ★ (8)	★ ★ ★ (22)	★ ★ (15)	★ ★ ★ ★ (29)
EM Manufacturing	26	★ ★ ★ (85)	★ ★ ★ (5)	★ ★ (19)	★ ★ ★ (32)	★ ★ ★ (24)
DM Service	38	★ ★ ★ (83)	★ ★ ★ ★ ★ (11)	★ ★ ★ ★ ★ (25)	★ ★ ★ (32)	★ ★ (8)
EM Service	31	★ ★ ★ ★ (114)	★ ★ ★ ★ ★ (9)	★ ★ ★ ★ ★ (27)	★ ★ ★ ★ (67)	★ ★ (6)
DM Wholesale/Retail	20	GIIRS Rated (73)	★ ★ ★ (6)	★ ★ (19)	★ ★ ★ (26)	★ ★ ★ ★ (25)
EM Wholesale/Retail	6	GIIRS Rated (62)	★ ★ ★ (6)	★ (13)	★ ★ (25)	★ ★ (8)
Max/Min Scores		168 / 25	21 / 1	58/10	121 / 3	77 / 1

DM: Developed Markets; EM: Emerging/Frontier Markets. Agriculture is not included due to a sample size smaller than six companies.

Wholesalers tend to underperform in Workers

Service companies outperform across Governance, Workers, and Community, but underperform in Environment. EM service companies earn significant points for Community SEMs.

70% of DM 1-9 companies get SEM points in Governance, which explains higher median scores.

MEDIAN RATINGS BY GEOGRAPHY & COMPANY SIZE

EM companies outperform DM in Community. This can be attributed to EM earning more points for Socially-focused Products & Services, and targeting the underserved.

TABLE 06

Geography & Size	# Companies	Overall Rating	Governance	Worker	Community	Environment
DM 1 - 9 Employees	19	★ ★ ★ (90)	★ ★ ★ ★ ★ (11)	★ ★ ★ (21)	★ ★ ★ (32)	★ ★ ★ (21)
EM 1 - 9 Employees	8	★ ★ ★ ★ (107)	★ ★ ★ ★ (8)	★ ★ (18)	★ ★ ★ ★ (51)	★ ★ ★ ★ (28)
DM 10 - 49 Employees	34	★ ★ ★ (82)	★ ★ ★ ★ (7)	★ ★ ★ (22)	★ ★ (17)	★ ★ ★ (24)
EM 10 - 49 Employees	21	★ ★ ★ (92)	★ ★ ★ (6)	★ ★ ★ (21)	★ ★ ★ (37)	★ ★ (8)
DM 50 - 249 Employees	13	GIIRS Rated (72)	★ ★ ★ (6)	★ ★ ★ (23)	★ ★ (19)	★ ★ ★ (22)
EM 50 - 249 Employees	20	★ ★ ★ (85)	★ ★ ★ (6)	★ ★ (20)	★ ★ ★ ★ (41)	★ ★ (8)
EM 250+ Employees	14	★ ★ ★ ★ (123)	★ ★ ★ ★ ★ (11)	★ ★ ★ ★ (27)	★ ★ ★ ★ ★ (78)	★ ★ (7)

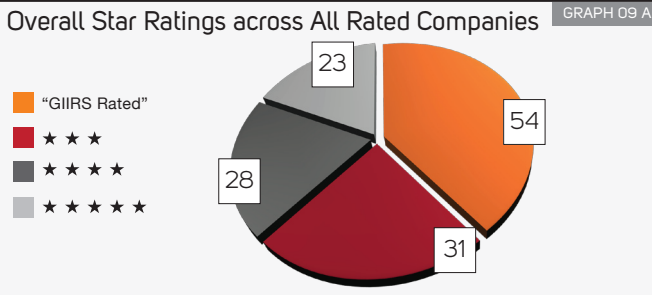
DM: Developed Markets; EM: Emerging/Frontier Markets. 0 employee and DM 250+ not shown due to sample smaller than six companies.

DM and EM scores are similar and consistent across company size for governance and workers.

Mid-sized and larger EM companies underperform in Environment. DM companies provide more environmentally-focused products & services.

DATA TRENDS CONTINUED

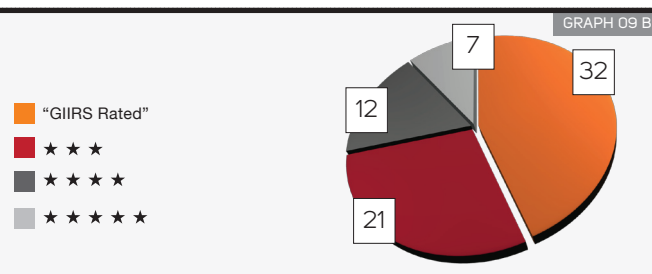
NUMBER OF COMPANIES BY STAR RATINGS



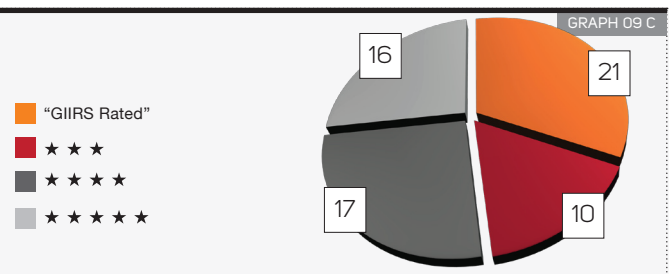
Graph 9A, B and C show the distribution of Star Ratings for rated companies overall and by geography. To date, emerging market companies have been outperforming developed market companies based on stronger performance across core business models (SEMs).

The GIIRS Top Decile Score by Geography establishes a benchmark for impact performance for the top 10 percent of all GIIRS rated companies.

NUMBER OF DEVELOPED MARKET COMPANIES BY STAR RATINGS



NUMBER OF EMERGING MARKET COMPANIES BY STAR RATINGS



GIIRS TOP DECILE SCORE FOR DEVELOPED MARKETS

Top Decile Rating: ★ ★ ★ ★ ★
Top Decile Score: **126**

GIIRS TOP DECILE SCORE FOR EMERGING MARKETS

Top Decile Rating: ★ ★ ★ ★ ★
Top Decile Score: **151**

STAR RATINGS BY POINT DISTRIBUTION

RATINGS KEY

Overall Rating	Overall Points	Impact Area Rating	Governance Score	Worker Score	Community Score	Environment Score
GIIRS Rated	0 to 79.9	★	0 to 2.9	0 to 17.9	0 to 12.9	0 to 4.9
		★ ★	3 to 4.9	18 to 20.9	13 to 25.9	5 to 10.9
★ ★ ★	80 to 99.9	★ ★ ★	5 to 6.9	21 to 23.9	26 to 38.9	11 to 24.9
★ ★ ★ ★	100 to 124.9	★ ★ ★ ★	7 to 8.9	24 to 28.9	39 to 69.9	25 to 39.9
★ ★ ★ ★ ★	125+	★ ★ ★ ★ ★	9+	29+	70+	40+

Based on preliminary scores from a sample of 100 companies, GIIRS Star Ratings were established by the Standards Advisory Council on a quintile-based scale. These Star Ratings will be revised in July 2013 with the release of the next version of the GIIRS assessment.

UNDERSTANDING THE GLOBAL IMPACT INVESTING RATING SYSTEM (GIIRS)

GIIRS provides an independent judgment of social and environmental impact for both companies and investment funds using a ratings scale of 1 to 5 stars. Through a broad spectrum of questions regarding impact models, practices, policies and achievements, the system is designed to be applicable to a wide range of industries and business models. Also, like impact investing, GIIRS sets itself apart from socially responsible investment ratings, which typically focus on negative screens, as GIIRS ratings recognize only positive impact generated by a company or fund.

RATINGS SYSTEM OVERVIEW

The GIIRS assessment and ratings are:

Transparent: Criteria and weightings for each impact area, subcategory and individual question within the assessment are fully transparent.

Independently Governed: Overseen by independent Standards Advisory Council of experts, practitioners, investors and thought leaders.

Dynamic: A new version of the survey is developed every two years.

Unique characteristics:

Comprehensive: Recognizing multiple social impact models as well as >100 multi-stakeholder practices and policies of a sustainable enterprise.

Comparable: Allow investors to compare and aggregate ratings of various company geographies, sectors, and sizes in the same portfolio. Specifically tailored questions and weightings applied in a consistent framework ensure both relevancy and comparability. There are twelve company tracks in domestic markets and sixteen tracks in emerging markets.

Adaptable: Incorporate industry addenda focused on products and services of companies within specific industries. Based on market demand, currently offer financial services addenda for both developed and emerging markets and a building addendum for developed markets. Additional addenda for other industries will be added over time.

Positive Impact Focus: GIIRS ratings focus on the performance generated by a company or fund, rather than on negative screens

Appropriate for Private Companies: Questions tailored for small and medium sized enterprises

For Assessment & Improvement: Companies can use the GIIRS Assessment to both get a GIIRS rating and as a tool to manage their performance overtime

GIIRS

ASSESSMENT STRUCTURE

I. Social Enterprise Models

Specific models designed to create social and/ or environmental impact through company products or services, target customers, value chain, ownership or operations.

II. Operations

Impactful practices, policies and achievements.

- a. Governance
- b. Workers
- c. Community Products
- d. Community Practices
- e. Environment Products
- f. Environment Practices

III. Disclosure Questionnaire

Unweighted disclosures to investors of potentially sensitive issues.

THE VERIFICATION PROCESS

GIIRS utilizes a three level verification process to ensure accuracy and validity of ratings information. All ratings and reports will be classified according to the level of review undertaken. Deloitte & Touche LLP has been retained as the preferred provider of document and on-site review services to assist GIIRS in its validation and rating process. In certain instances, GIIRS or another third-party will conduct documentation and on-site reviews.

Step 1: Assessment Review

Companies engage in a 1-2 hour call with GIIRS staff to review answers, clarify questions and definitions, and ensure proper inputs for calculations.

Ratings Classification: Preliminary
Reviewed By: GIIRS

Step 2: Documentation Review

Companies are required to provide documentation to support responses to certain questions deemed material by GIIRS. A review of the selected documents will be executed with the assistance of a third-party.

Ratings Classification: Reviewed
Reviewed By: 3rd Party Services Provider

Step 3: On-Site Review

Each year 10% of the prior year's GIIRS-rated companies will be selected by GIIRS for an on-site review. An on-site review includes a facilities tour, employee interviews and assessment of additional supporting documentation.

Ratings Classification: On-Site Reviewed
Reviewed By: 3rd Party Services Provider

The logo for GIIRS Ratings & Analytics. It features the word "GIIRS" in a bold, black, sans-serif font, with the two vertical bars of the "I" colored red. To the right of "GIIRS" is a vertical line, followed by the words "RATINGS & ANALYTICS" in a black, sans-serif font. Below this, the phrase "for Impact Investing" is written in a smaller, red, sans-serif font.

GIIRS

RATINGS & ANALYTICS

for Impact Investing

GIIRS Impact Ratings provide investors for the first time with a comprehensive, comparable, and third-party verified assessment of companies' and funds' social and environmental impact. The GIIRS Analytics platform gives investors uniquely powerful tools to analyze aggregated, verified and comparable data on the social and environmental impact of companies and funds across geography, sector, organizational maturity, and size. GIIRS Ratings & Analytics is a wholly-owned subsidiary of B Lab, a non-profit organization.

You may contact us by e-mail at Flory Wilson at fwilson@giirs.org or Neha Kumar at neha@giirs.org, or phone at 212.608.4150.

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