



RATINGS  
& ANALYTICS  
for Impact Investing



Q4 2012

# GIIRS Partnership Report Featuring Investors' Circle

The GIIRS Partnership Report Featuring Investors' Circle is the first impact report that GIIRS has developed in collaboration with one of its partners. This report features data and trends for GIIRS rated companies that have presented at an Investors' Circle Venture Fair in the last three years. Findings from the report provide a uniquely powerful tool for Investors' Circle members to benchmark potential investments against deals that IC has reviewed in the past. For additional data on the featured companies and the larger GIIRS data set, sign up as a subscriber to GIIRS Ratings & Analytics.





In 2009 Investors' Circle was the first angel network, in fact the first organization to sign up as a GIIRS Partner. Three years later over 72 have received GIIRS ratings. In this report we feature data on the 46 companies that have presented at an Investors' Circle in the last 3 years as well including the 12 that are presenting at this year's Fall Venture Fair. The other companies that received ratings, but are not featured in this report, were considered by Investors' Circle selection committee, but were not ultimately selected to present at a Venture Fair.

Because Investors' Circle took a leadership role three years ago by becoming the first GIIRS Partner, Investors' Circle now has access to one of the largest database of social and environmental data globally. No other GIIRS Partner has as many GIIRS rated companies in its portfolio. Not only has IC brought quality deal flow to its members for the past 20 years, but now IC also has rigorous impact data to back up the impact claims of presenting companies.

Investors' Circle and GIIRS have collaborated to create this initial report on the impact of IC companies. In the Spring, we will publish a final report with more extensive findings on topics such as:

- Data trends for companies that have received an investment from an IC member
- Key performance indicators for IC companies such as jobs created or percentage of woman led companies
- Analysis of IC companies' performance vs. the Developed Markets Company Index at each practice area in the GIIRS Assessment

We hope you enjoy this initial report and look forward to hearing your comments and questions.

The GIIRS & Investors' Circle Teams

## KEY FACTS

- The GIIRS Developed Market Company Index and the Investors' Circle Index have exactly the same value.
- 46 IC Companies have received a GIIRS rating and presented at an IC Venture Fair in the last 3 years
- IC Companies are more likely to have a socially oriented product and service and serve the underserved than companies in the Developed Market Company Index

## TABLE OF CONTENTS

GIIRS & Investors' Circle Indices .....	Page 2
Company Marketplace .....	Page 3-4
Company Data Trends .....	Page 5

## GIIRS DEVELOPED MARKET COMPANY INDEX

TABLE 01

Index Rating



Global Index Score

86

The GIIRS Developed Market Company Index is the median score of GIIRS rated companies located in the Developed Markets and is out of 200 points. The GIIRS Developed Market Company Index allows entrepreneurs and investors to benchmark their impact performance against a current index over time. Currently, 140 companies comprise the Developed Market Company Index.

## INVESTORS' CIRCLE COMPANY INDEX

TABLE 02

Index Rating



Index Score

86

## INVESTORS' CIRCLE FALL 2012 COMPANY INDEX

TABLE 02

Index Rating

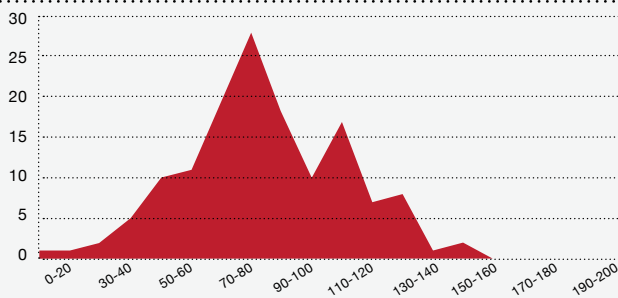


Index Score

82

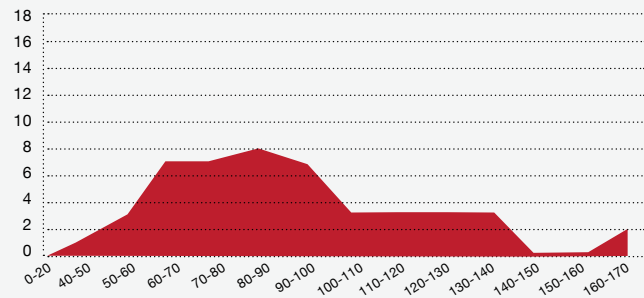
## SCORE DISTRIBUTION FOR DEVELOPED MARKET COMPANIES

GRAPH 01



## SCORE DISTRIBUTION FOR INVESTORS' CIRCLE COMPANIES

GRAPH 02



## 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
★★★	80 to 99.9	★★★	3 to 4.9	18 to 20.9	13 to 25.9	5 to 10.9
★★★★	100 to 124.9	★★★★	5 to 6.9	21 to 23.9	26 to 38.9	11 to 24.9
★★★★★	125+	★★★★★	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.

## THE GIIRS COMPANY MARKETPLACE

The Developed Markets Company Index is based on data collected on 140 companies through August 31, 2012 for all GIIRS rated companies and funds. This includes portfolio companies of GIIRS Pioneer Investors, Pioneer Funds and Partners. The Investors' Circle Index for All Rated Presenters is based on ratings date for the 46 companies that were rated between the Fall '09 and '12. Of these companies 22% are Certified B Corporations. The Investors' Circle Index - Fall 2012 Presenters features only the companies that are presenting at this Fall's Venture Fair.

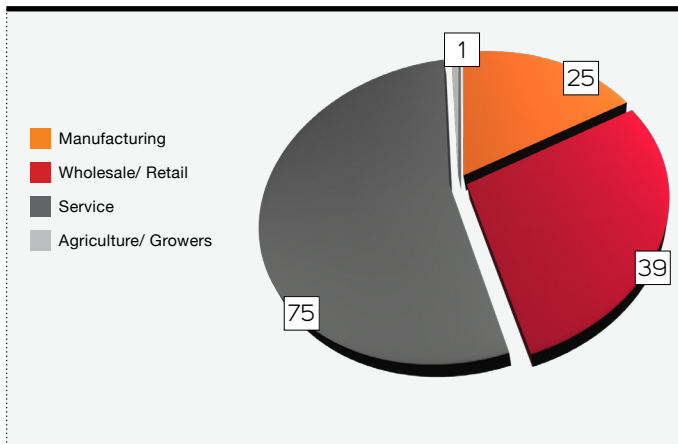
### GIIRS MARKETPLACE **SNAPSHOT**

TABLE 05

	Developed Markets	Investors' Circle Index - All Rated Presenters	Investors' Circle Index - Fall 2012 Presenters
Companies	140	46	12

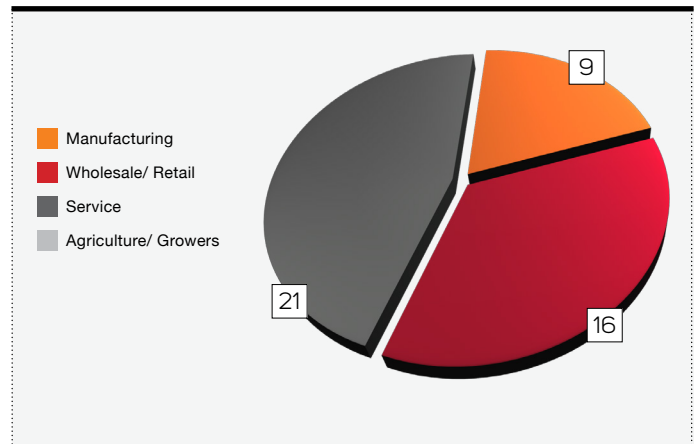
### DEVELOPED MARKET COMPANIES BY SECTOR

GRAPH 04



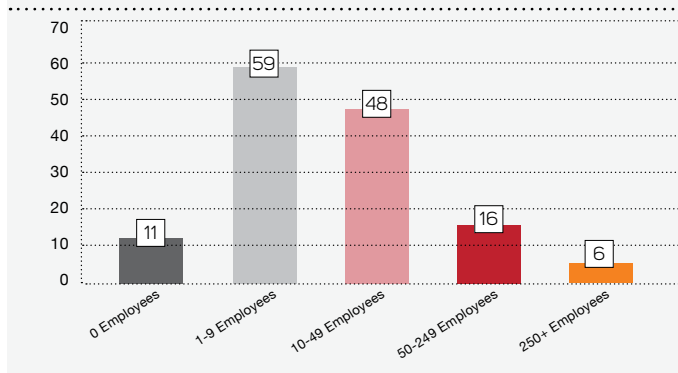
### INVESTORS' CIRCLE COMPANIES BY SECTOR

GRAPH 05



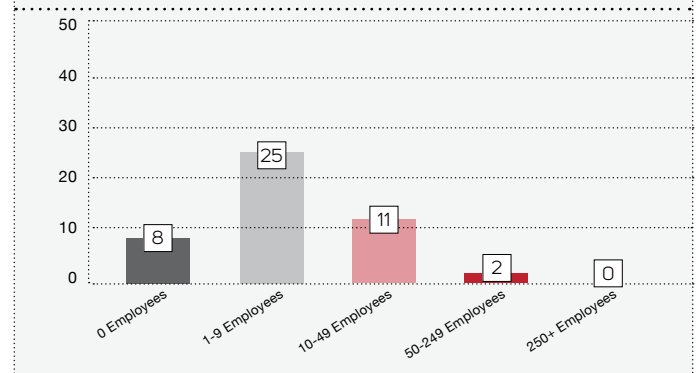
### DEVELOPED MARKET COMPANIES BY NUMBER OF EMPLOYEES

GRAPH 06



### INVESTORS' CIRCLE COMPANIES BY NUMBER OF EMPLOYEES

GRAPH 07

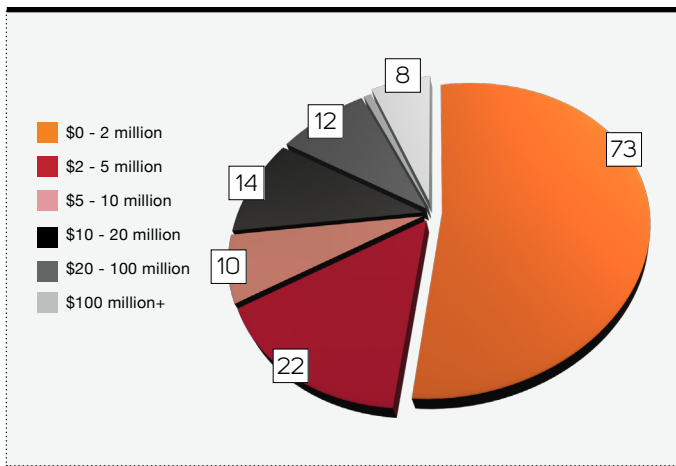


Number of employees reported by companies at the time that companies presented at a Venture Fair.

## THE GIIRS COMPANY MARKETPLACE CONTINUED

### DEVELOPED MARKET COMPANIES BY ANNUAL REVENUE RANGE

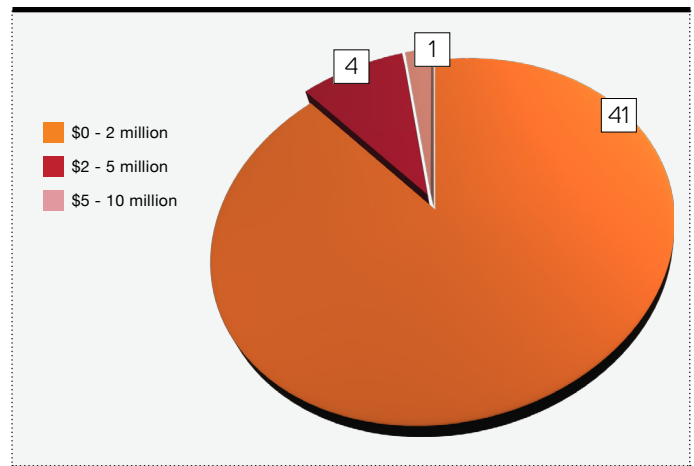
GRAPH 08






Revenue range reported by the company at the time that the company presented at a Venture Fair

### INVESTORS' CIRCLE COMPANIES BY ANNUAL REVENUE RANGE

GRAPH 09



## TOP TEN SCORING COMPANIES - INVESTORS' CIRCLE

Company Name	Investors' Circle Venture Fair	Industry	Score
Cardinal Resources, LLC	IC Fall 12	Other human health	163
Co2 Bambu 	IC Spring 10	Construction	161
Farmland LP 	IC Spring 12	Equity investing Developed Mkt	153
eSpark	IC Fall 11	Pre- & primary education	135
Angaza Design, Inc.	IC Fall 11	Scientific R&D	132
Lynx Design	IC Fall 12	Medical & dental supplies	129
Puralytics	IC Spring 12	Water supply & treatment	128
People's Community Market	IC Fall 11	Food products	123
Bikestation/Mobis Transportation Alternatives	IC Fall 09	Other personal service	116
Episencial 	IC Spring 12	Personal care products	114



## COMPANY DATA TRENDS CONTINUED

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

### THE FOLLOWING TRENDS EMERGE FROM SEM DATA:

Rated Companies That:	Developed Markets Company Index	Investors' Circle
Have a mission-lock governance structure	44%	33%
Earn credit for a socially beneficial product or service	55%	67%
Earn points for having an environmentally-focused product or service	46%	41%
Have products that provide both social and environmental benefits	12%	11%
Earn credit for serving underserved populations	38%	50%
Have a mission-lock governance structure	44%	33%

## 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



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.

**To contact GIIRS email us at Beth Richardson at [beth@giirs.org](mailto:beth@giirs.org) or Neha Kumar at [neha@giirs.org](mailto:neha@giirs.org), or phone at 212.608.4150.**

INVESTORS' CIRCLE



Investors' Circle is the oldest, largest and most successful early-stage impact investing network in the world. Hundreds of angels, venture capitalists, foundations, and family offices have joined us to promote the transition to a sustainable economy. IC has propelled \$152 million plus \$4 billion in follow-on investment into 250 enterprises and funds dedicated to improving the environment, education, health, and community.

**To contact Investors' Circle email Jill Newbold at [jnewbold@investorscircle.net](mailto:jnewbold@investorscircle.net) or by phone at 919.530.1177 x 404.**

The material on the GIIRS Analytics Report is for informational purposes only, and is not an offer or recommendation to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. GIIRS's opinions and analyses do not address the suitability of any security. GIIRS does not act as a fiduciary or an investment advisor. While GIIRS has obtained information from sources it believes to be reliable, GIIRS does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction.