



2018
Impact Report

Changing Markets, Changing Minds



Calvert
Impact Capital™

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The capital markets are playing a zero-sum game. When someone wins, someone else—or all of us collectively—often loses. This has yielded the global scenario that we find ourselves in today. Extreme inequality. A warming planet. Systems that are created to serve the few instead of the many. But an alternative path is emerging. Corporate citizenship is on the rise, consumer awareness is increasing, and a broader stakeholder approach is starting to drive global decision-making—in investment committees, board rooms, and around the kitchen table.

On the ground, we are seeing promising change underway. The impact investing industry—of which we have been a part for the past 23 years—is continuing to grow at a healthy pace with \$228 billion in activity in 2017.¹ Yet compared to the total amount of money invested in the global capital markets, this amount is a rounding error.

We need to do more. We need to build for scale. We need to make markets work for more people, more often.

Our industry often focuses on the outputs of impact investments as the sole indicators of success. Homes built, healthcare accessed, CO₂ emissions avoided. These are critical measures of the change we seek to affect in communities. But they are not the full picture. In order to achieve those outputs, and importantly, to scale them, we need a functioning market between interested investors and mission-driven asset managers. We need the financial infrastructure in place to make it easier for a dollar to travel from someone's retirement account to the bank account of a solar entrepreneur growing her business to impact her community and the environment.

Building inclusive markets is the focus of our 2018 Impact Report. We want you, our investors, to understand the many layers of our work and how they weave together with the ultimate purpose of changing markets and changing minds.

Thank you for entrusting us with your investment so we can build the future we all seek—an equitable and sustainable world for all.

Jenn Pryce
President and CEO

¹ See the GIIN's Annual Impact Investor Survey 2018 at: <https://thegiin.org/research/publication/annualsurvey2018>

We build a better functioning market for individuals, communities, and the planet.

Calvert Impact Capital makes impact investable. We exist to create a more equitable financial system that offers opportunity for all, and we seek to fulfill this mission through both the investments in our portfolio² and by sharing our knowledge and expertise³ with the field.

We raise capital from investors like you and lend that money to borrowers creating financial returns and sustainable social and/or environmental outcomes. Our investors are a diverse group.⁴ They are institutions and individuals, mutual funds and banks, churches and congregations, financial advisors and their clients, foundations and family offices. Some are new to impact investing and many are veterans who have been investing with their values for decades. Some invest \$20 and others invest \$20 million. Collectively, they are changing the way investment decisions can and should be made.

Our borrowers are mostly funds and intermediaries—we lend to them and they in turn lend to individuals

and businesses that are working on the ground in communities. They operate across nine sectors in more than 100 countries and all US states, channeling capital to places that are left behind by traditional financial markets.

Many of the organizations we lend to are seeded with equity or capital that allows them to prove their model and demonstrate their value. Over time, these organizations grow in their capacity and require more capital to scale their work. **This is where we come in.** Our investments provide a bridge for our borrowers from concessionary capital to the capital markets and mobilize money to work in communities.

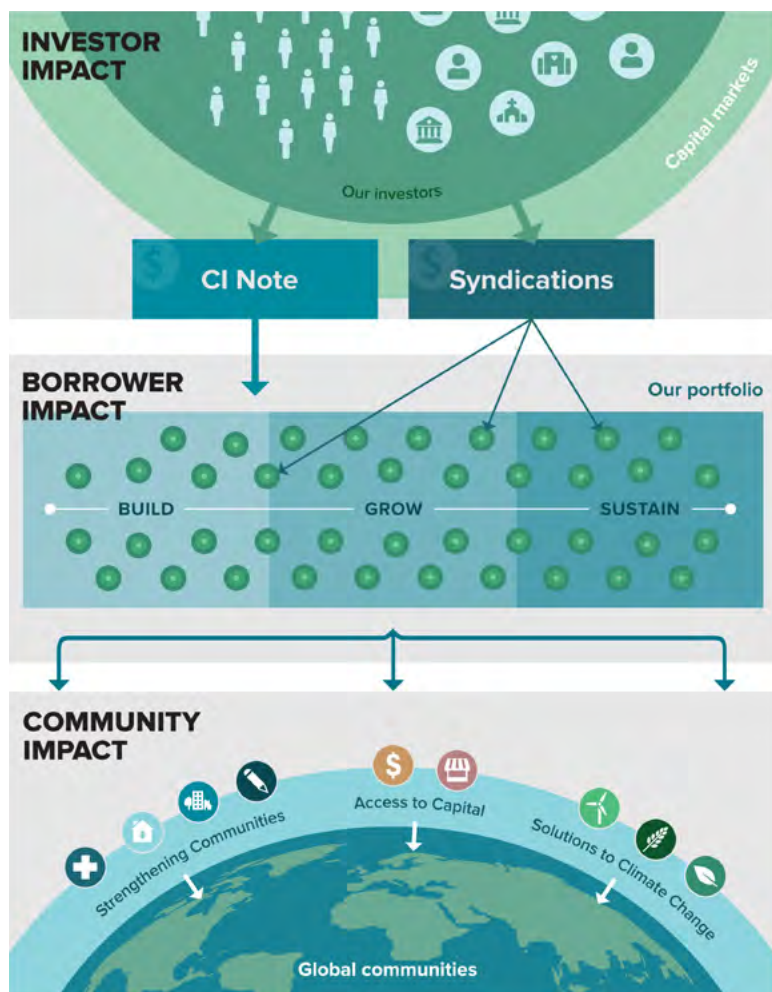
By strengthening the capacity of organizations that can affect change on the ground and by engaging investors to invest for financial, social, and environmental returns, we are building both sides of a better functioning market that creates positive impact on individuals, families, communities, and the planet.

² <https://calvertimpactcapital.org/portfolio/list>

³ <https://calvertimpactcapital.org/insights>

⁴ For more information, see our 2018 Investor Survey: <https://calvertimpactcapital.org/insights/survey>

The three layers of impact—on investors, borrowers, and communities—are the basis of our **Impact Measurement & Management Framework**.



INVESTOR IMPACT

The impact we have on our individual and institutional investor community

BORROWER IMPACT

The value our capital provides to our borrowers, their growth, and their ability to scale their own impact

COMMUNITY IMPACT

The outputs and outcomes that our capital helps to achieve in communities on the ground and for the planet

Impact Measurement & Management is the process of identifying the impact we seek to achieve, assessing the projected and realized impact of our investments on communities and the planet, and managing our investment process in order to maximize positive impact and minimize the negative. This is an iterative process. In order to achieve these goals, we embed our impact measurement and management tools within each step of the investment process—from due diligence to annual reporting.

Our impact does not begin and end with the investments we make; we believe it is critical to assess the impact we have on the market as a whole, on our individual and institutional investors, and on our borrowers and the communities on the ground. We introduced this Impact Measurement Framework in 2017 and will continue to frame our impact in this way in this 2018 Impact Report and moving forward.

For more information on our framework and report methodology, please see the **Methodology** section on page 27 or visit <https://calvertimpactcapital.org/impact/measurement>.

We make impact investable.

The capital markets will change how capital is allocated when investors demand more from their investments. This shift is currently underway as more investors consider—and require—environmental, social, and governance (ESG) factors in their investments in public companies. We see similar potential to shift investor behavior to consider measurable social and environmental impact in private companies.

Our products and services are built to enable more investors to make this shift. They are appropriate for and accessible to a wide range of investors—from individuals with \$20 to institutions with \$20 million.

We offer two main ways to invest with us—through our Community Investment Note⁵ (the Note) and through our Syndication⁶ services.

THE COMMUNITY INVESTMENT NOTE

For over 20 years, the Community Investment Note has served as a ‘gateway to impact investing,’ as it is widely available through three sales channels with investment minimums of \$20 or \$1,000. With a track record of 100% repayment of both principal and interest to over 20,000 investors, the Note offers investors exposure to our diverse portfolio and a range of rates and terms—enabling anyone to get started easily.

SYNDICATION SERVICES

Our Syndication services provide a one-stop solution for institutional and accredited investors looking to invest in mission-driven organizations. We originate, structure, and administer deals for these investors seeking private loans that yield competitive financial returns and measurable social and/or environmental impact. Through these services, we offer co-lenders access to investments that meet a diverse range of risk/return profiles, geographies, and sectors for their fixed income portfolios.

5 <https://calvertimpactcapital.org/invest>

6 <https://calvertimpactcapital.org/invest/syndication-services>

The Community Investment Note

Our Note investors range from the socially concerned neighbor who wants to affect both local and international social change, to the family concerned about the planet they are leaving to their children and grandchildren, to the institution that wants to ensure its assets are invested in alignment with its corporate purpose. We gain strength from this diversity.

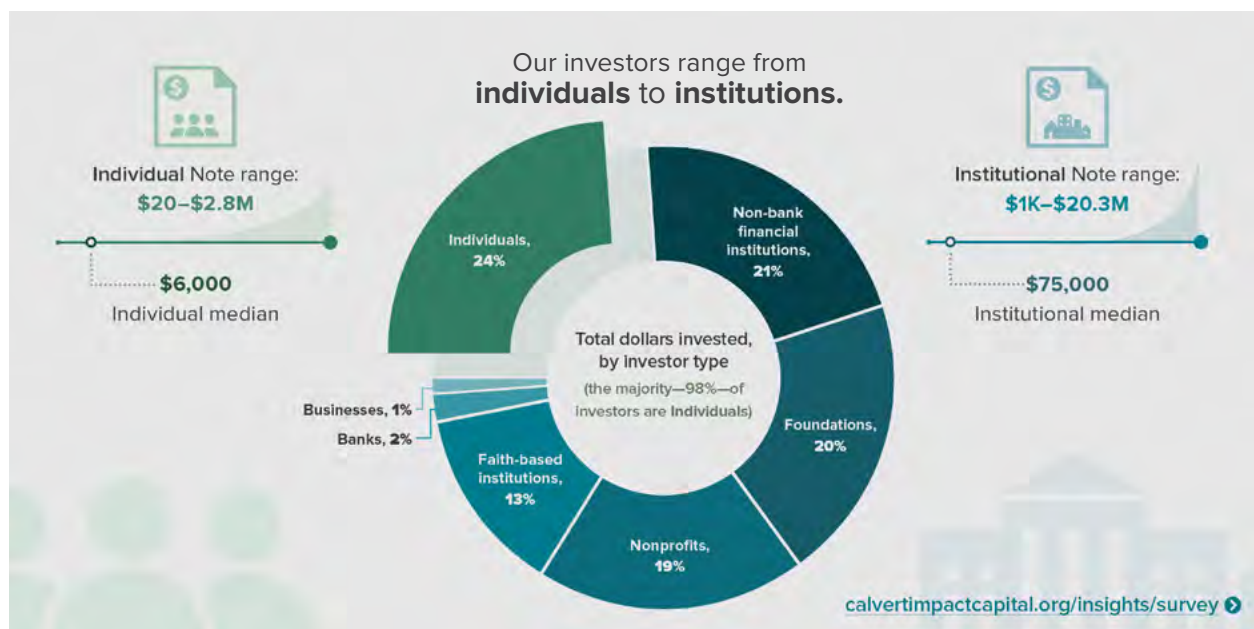
Part of what drives this diverse investor base is the unique accessibility of the Note. With a minimum investment of \$1,000 via a brokerage account, investors or their financial advisors can purchase and hold the Note alongside their traditional investments. This is rare among impact investing products, which are often characterized as alternative, require extra paperwork to purchase, and can't be held within brokerage accounts. The Note is also available for purchase through our online investment platform⁷ with a minimum purchase of \$20, meaning impact investing is not limited to wealthy investors with large portfolios, but open to pretty much anyone who wants to give it a try.



Investors have held their Notes with us, on average, about 10 years



Over 91% of direct Notes that matured in 2017 were reinvested

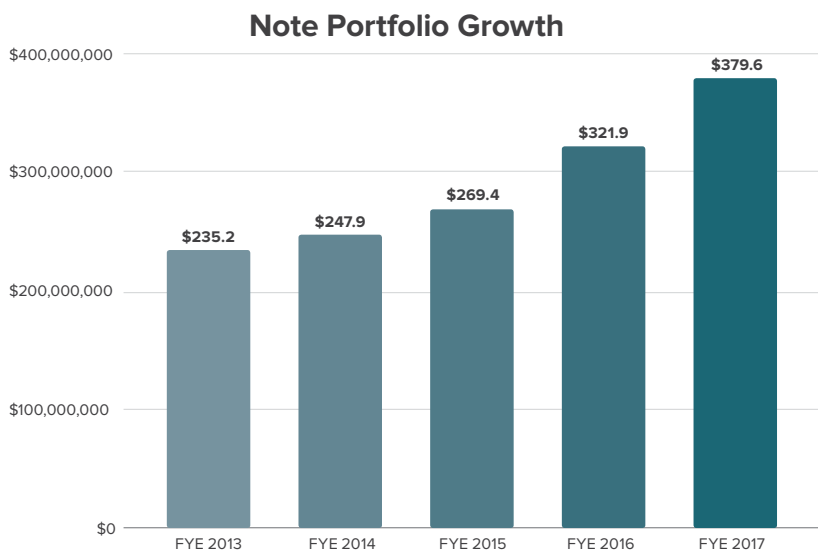


7 <https://invest.calvertimpactcapital.org>

In 2017, we welcomed 939 new investors and \$162.3 million in new capital and reinvestments—growing our investor community by nearly 25% to 4,880 investors. We also increased our relationships with financial advisors by 25% to 379 and sold our Note through over 100 brokerage firms.

18%

Our Note portfolio increased by nearly 18% between 2016–2017



13%

Average five-year annual growth rate for the Community Investment Note

Syndication Services

In 2017, we launched a new line of business in response to a growing gap in the market. On one hand, we saw an increasing demand from institutional and accredited investors looking to invest in mission-driven organizations, but lacking the capacity to do so. At the same time, we witnessed our borrowers struggling to work with investors to raise capital in a manner that was efficient and timely. In response, we built our Syndication services to reduce the friction between the supply of capital and the demand for it.

Since launching these services, we have syndicated and/or administered ten deals representing over \$167 million flowing to communities in need.⁸ These services and the co-lenders who participate are creating greater efficiencies in the impact investing marketplace by facilitating the larger flows of capital that our borrowers need to grow their impact.

10

Ten facilities syndicated since fully launching in 2017

\$167 mil

\$167 million syndicated for our borrowers since fully launching in 2017

8 Figures as of August 2018

How can we move the needle in mobilizing investors for impact?

\$2 bil

Since 1995, we have mobilized over \$2 billion for impact.

Beyond growing our community of investors, we want to understand how the impact investing industry as a whole is affecting change in investor decision-making. Our products and services are built to tap the \$73 trillion capital markets to efficiently raise capital at scale. Put simply, through both the Note and Syndication services, we seek to raise more money, from more people, for more impact. Over our 23 year history, we have raised more than \$2 billion to invest for impact. But this is still a drop in the bucket compared to how much capital we need. The shared global challenges we face, from climate change to extreme poverty, are highlighted in the United Nations' 17 **Sustainable Development Goals**. To address them will require closing an annual investment gap of \$2.5 trillion; we can only do this if we start moving capital with urgency and at scale.

What will it take? We outlined a few ideas to activate more investment capital for impact in our 2018 Investor Survey Report: <https://calvertimpactcapital.org/insights/survey>.



The Sustainable Development Goals are a call to action by all countries to promote prosperity while protecting the planet. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection. Learn more about the Sustainable Development Goals at:

<https://www.un.org/sustainabledevelopment/sustainable-development-goals>.



An employee of Garfield Produce.
Photo courtesy of Benefit Chicago.

We fuel our borrowers to build, grow, and sustain their operations and impact.

99 borrowers. 103 countries. 9 sectors. What unites our diverse portfolio of investments? Our desire to build and strengthen markets that equitably serve people and planet.

Calvert Impact Capital serves sectors and geographies whose needs are not met by traditional capital markets. These sectors and geographies, as well as the businesses operating within them and the customer segments they serve, are often unfamiliar to traditional capital providers. They don't fit into standard templates or operational boxes that traditional capital providers use, and as a result they are often perceived as "too risky," making it difficult

for capital to flow to the organizations creating social and environmental change.

With the capital we raise through the Note program and Syndication services, our investments fill financing gaps for funds and intermediaries operating in these sectors and geographies that have identified a local market need and have developed scalable solutions to address it.

Our goal is to help our borrowers grow in budget, revenues, profits, and impact, and over time establish a track record of performance, repayment, and returns. With a track record of success, what was once unfamiliar to traditional capital markets—our borrowers' business models—starts to become recognizable. With this, investment resources can flow more efficiently.

In 2017, our portfolio grew by more than 10% over 2016 figures, with 119 investments in 99 borrowers for a total portfolio balance of \$354,167,414.

In 2017, we closed 18 new loans for a total of \$64 million. The median amount of these loans was \$3 million. Our borrowers, in turn, used our capital and funds from others to make 2.6 million loans to their clients—individuals, businesses, and projects—in their target sectors and geographies. The total value of these loans was \$5,421,685,666. This leverage is critical to understanding our impact. Moving \$64 million in a year is a drop in the bucket, but influencing more than \$5 billion in a year starts to make a splash.

Our strategy is to grow with our borrowers, doubling down on the strongest organizations with proven solutions, while supporting innovative new models when the market requires—in short, we invest in our borrowers to help them **BUILD, GROW, or SUSTAIN**. The growth in the average assets under management (AUM)⁹ of our borrowers (16% annually over the last three years) is evidence of this strategy at work.

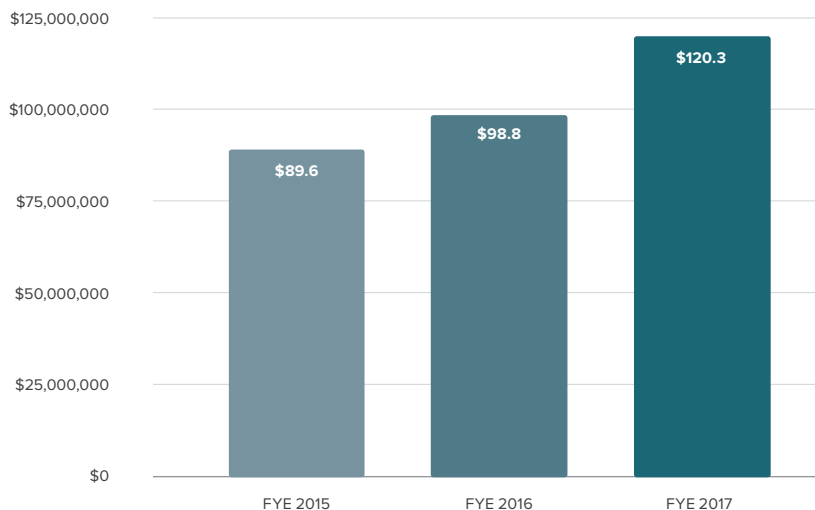
2.6 mil

Number of loans our borrowers disbursed to their clients

\$5.42 bil

Value of loans our borrowers disbursed to their clients

Average AUM of Our Borrowers



We provide our borrowers with responsive and flexible capital that allows them to **BUILD, GROW, and SUSTAIN** their operations and impact.

⁹ Assets under management (AUM) for our borrowers includes loans receivable and long-term investments.

BUILD

GROW

SUSTAIN

We help borrowers **BUILD** new markets, products, and financing structures.

VALUE OF OUR CAPITAL

- Prove and demonstrate viable business models
- Provide capital for new intermediary solutions/approaches
- Leverage creative credit enhancement structures

SAMPLE INVESTMENTS¹⁰

- Cardecho B.V. (BIX Capital)
- SunFunder
- UP Community Fund

BORROWER CASE STUDY

SunFunder

Our initial investment to the Solar Empowerment Fund—managed by SunFunder, a solar finance fund manager with a mission to unlock capital for solar energy in emerging markets—helped SunFunder first **BUILD** their portfolio and operations in Sub-Saharan Africa and **GROW** to offer subsequent funds and operations across the continent.



SunFunder client SolarNow offers off-grid solar solutions.

Calvert Impact Capital was SunFunder's first 'large-ticket' investor when it provided a \$2 million senior investment to the Solar Empowerment Fund 36B, SunFunder's 5th fund. Since then, SunFunder has grown significantly, most recently raising a \$47 million fund with financing from several public and private investors. To date, SunFunder has deployed a cumulative total of \$52 million across 114 loans to solar businesses in 14 countries.

Our funding enabled SunFunder to expand their capacity and helped highlight the importance of specialized

financial intermediaries in the solar energy sector. By supporting SunFunder's growth from a young fund manager to a more established and sophisticated one with a strong footprint in Africa, we have also helped **BUILD** and strengthen the track record of the renewable energy sector and the social enterprises operating in it.

► <https://calvertimpactcapital.org/portfolio/list/solar-empowerment-fund-ii-llc>

¹⁰ Information on all of our investments can be found at: <https://calvertimpactcapital.org/portfolio/list>

BUILD

GROW

SUSTAIN

We help borrowers **GROW** an existing product, service, or financing structure to expand to a new segment and/or geography.

VALUE OF OUR CAPITAL

- Grow and replicate previously proven business models
- Tailor flexible financial products to support growth
- Inject private capital into fund models previously supported with subsidized capital

SAMPLE INVESTMENTS¹¹

- Community Housing Capital
- Eco-Business Fund
- Forest Carbon Partners
- Greenline Small Business Capital Fund

BORROWER CASE STUDY

Community Housing Capital

Since 2011, Calvert Impact Capital has provided flexible financing to Community Housing Capital (CHC) to **GROW** their core product offering and enhance their ability to respond quickly to affordable housing opportunities across the country.

We made our first loan to CHC in 2011. Since then, we have increased the size of our loan amount by more than 400%, providing unsecured financing to help CHC **GROW** their core product offering. In 2018, we closed on a \$15 million unsecured syndicated facility,¹² which allows CHC to efficiently raise capital from a broader group of investors and enhances their ability to respond quickly to affordable housing opportunities. Since Calvert Impact Capital made its first loan to CHC, CHC's total assets have more than doubled, growing at a compound annual rate of 14.9% (as measured from fiscal year end 2011 to fiscal year end 2017). CHC's loans under management, which directly financed the creation and preservation of affordable housing, has grown to \$210 million over the same period.



Community Housing Capital provided financing to acquire and redevelop the Clocktower Apartments.

Unsecured financing is extremely valuable to CHC because it allows them to respond to affordable housing development opportunities that do not meet the geographic and/or structural requirements that are often associated with secured credit facilities. **Unsecured financing is also catalytic because it helps get projects off the ground and facilitates significant amounts of follow-on investment in the community.** Our loans and syndicated facility help CHC efficiently raise the capital they need to support affordable housing developers across the country.

- ▶ <https://calvertimpactcapital.org/portfolio/list/community-housing-capital>

¹¹ Information on all of our investments can be found at: <https://calvertimpactcapital.org/portfolio/list>

¹² <https://calvertimpactcapital.org/press/releases/792-chc-announces-15-million-impact-credit-facility-with-calvert-impact-capital>

BORROWER CASE STUDY

Forest Carbon Partners

We extended a line of credit to Forest Carbon Partners to more efficiently **GROW** and expand their projects to impact more tribal communities.



A Forest Carbon Partners verification team on a site visit.

In 2017, we approved a \$1 million revolving line of credit to Forest Carbon Partners (the Fund), a fund managed by New Forests that finances and develops forest carbon offset projects for the California carbon market. New Forests works with family, tribal, nonprofit, and commercial landowners to create carbon offset projects that deliver economic, social, and environmental impact across 18 projects covering over half a million acres of land. The line of credit we extended allowed the Fund to make more efficient use of their equity financing; they are using the line to cover shorter-term expenses related to carbon offset administration, and reserving the equity capital for the important work of expanding their projects to additional partners, including several subsequent projects with tribal communities.

As New Forests' Executive Director, US Investments and Operations Brian Shillinglaw states, "Forest Carbon Partners strongly values our partnership with Calvert Impact Capital. The line of credit that Calvert Impact Capital extended to [the Fund] has enabled us to extend our reach to finance and develop more forest carbon offset projects with additional Native American tribes and family forest landowners across the country, increasing the environmental and social impact that our work can have. **We have strongly valued Calvert Impact Capital's partnership. It's unique to find a lending partner who will take the time to understand a boutique investment vehicle like our Forest Carbon Partners fund. It's clear that Calvert Impact Capital brings a different orientation**

to its private lending portfolio that is really a good fit for both parties."

The impact of this financing extends beyond the Fund itself to the communities and projects it works with, particularly tribal communities. Forest Carbon Partners has worked closely with California tribes since the carbon offset and trading program was established in the state in 2012. Today, tribal communities around the country provide 70-80% of the state's forest carbon offsets. As of mid-2018, the Fund includes seven projects on tribal lands in Alaska, California, and New Mexico. By making strong partnerships with these tribal communities, Forest Carbon Partners has delivered tens of millions of dollars to tribal communities for long-term conservation commitments and expects to deliver hundreds of millions of dollars to its clients during the life of the Fund.

Beyond climate finance, the Forest Carbon Partners project portfolio also supports a wide range of other social and economic impacts within these communities, such as support to conservation objectives, watershed management, rural employment opportunities, and aligning economic development with models that preserve natural and cultural heritage sites. A hallmark of Forest Carbon Partners' approach is to work with partners to identify what other needs carbon finance can meet and ensure the forest carbon offset project is able to deliver multiple benefits back to each community.

► <https://calvertimpactcapital.org/portfolio/list/forest-carbon-partners-lp>

BUILD

GROW

SUSTAIN

We help borrowers **SUSTAIN** their products or services to their current customer segment in their current geographic markets.

VALUE OF OUR CAPITAL

- Reduce capital raising costs and complexities for partners
- Fuel continued innovation within mature platforms
- Crowd-in additional private investment

SAMPLE INVESTMENTS¹³

- African Local Currency Bond Fund (ALCBF)
- Housing Partnership Network
- MicroVest

BORROWER CASE STUDY

MicroVest

We have invested in all five of the funds MicroVest currently manages and have been a catalyst to help scale their current \$385 million in assets under management, attract key institutional investment, and **SUSTAIN** their core operations.

Calvert Impact Capital has been working with MicroVest since we made a \$500,000 investment in their first fund in 2004. We made this investment to provide capital to microfinance institutions around the globe, as well as to grow MicroVest's capacity as an impact fund manager in the financial inclusion sector. Since then, we have invested in all five of the funds MicroVest currently manages and have been a catalyst to help scale their current \$385 million in assets under management, attract key institutional investment, and **SUSTAIN** their core operations.

"Calvert Impact Capital was an early partner in getting MicroVest off the ground and helping us grow as an impact fund manager," says MicroVest's CEO, Gil Crawford. He continues, "Calvert Impact Capital's ability



A client of Fundacion Esplor, a microfinance institution based in Ecuador.

to democratize access to impact investing has ripple effects for firms like ours. My mother was a school teacher who invested with Calvert Impact Capital for over a decade. I had no idea until after she passed away. Calvert Impact Capital's Community Investment Note program makes it possible for mission-driven people like my mother to invest in impact at any dollar amount. **When these small investments are pooled together, they reach firms like ours, helping us further scale our operations and achieve our social impact goals."**

Throughout the years, MicroVest has grown to be one of our key strategic partners and is a prime example of how we help financial intermediaries grow and scale.

► <https://calvertimpactcapital.org/portfolio/list>

¹³ Information on all of our investments can be found at: <https://calvertimpactcapital.org/portfolio/list>



Harbor Homes resident Philip Biasizzo.
Photo courtesy of New Hampshire Community Loan Fund.

We seek to achieve tangible impact on the ground, in communities, and for our planet.

Impact on the Ground

The borrowers in Calvert Impact Capital's portfolio create a diverse range of impact across three main themes: **strengthening communities**, **increasing access to capital**, and **developing solutions to address climate change**. In 2017, we invested across nine impact sectors and achieved the following results.

41,367,051

Total number of client individuals our borrowers served in 2017

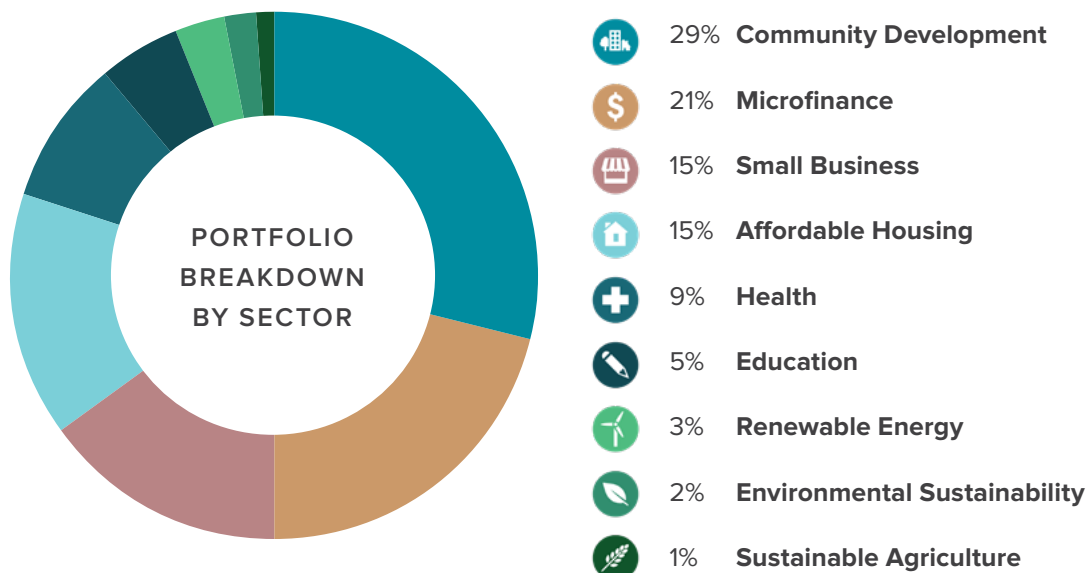
538,441

Total number of client organizations our borrowers served in 2017

103

Number of countries in which our borrowers and their clients operate

PORTFOLIO BREAKDOWN BY SECTOR, AS OF YE 2017



STRENGTHEN COMMUNITIES

ACCESS TO CAPITAL

SOLUTIONS TO CLIMATE CHANGE

Access to better healthcare, affordable homes, and educational opportunity builds stronger communities.



Community Development

We finance community development institutions so they can meet needs in their communities.

1,488

community facilities financed

3.5 million

sq. ft. of community facilities supported

8.5 million

community members served across US



Through a loan from New Hampshire Community Loan Fund, the Littleton Food Cooperative gained efficiencies and created new jobs.

A thriving, vibrant neighborhood provides its residents with a diverse array of well-maintained and affordable community assets, including housing, schools, community centers, and retail and office space. To truly strengthen communities, residents need access to flexible capital in order to be in charge of the development of their own neighborhoods. In 2017, we provided flexible financing to develop 1,488 community facilities that served over 8.5 million community members across the US. These facilities are worth \$1.12 billion and span 3.5 million sq. ft. For context, that's enough space for approximately 82 average-sized grocery stores or 26 average-sized Targets.



Affordable Housing

We invest to create and preserve safe, stable, and affordable housing for low and middle-income families.

32,669

homes created/preserved

266,575

Number of affordable units owned and/or managed by our borrowers, their investees, and members

30,669

clients received housing counseling

We know that access to safe, stable housing is a critical determinant of a person's and family's health, happiness, and economic future. By providing greater amounts of flexible capital to housing developers and lenders, we can help them meet the housing needs of their communities.

In 2017, our capital helped create and/or preserve 32,669 affordable homes. To put this in perspective, the amount of affordable housing our borrowers created or preserved is equivalent to the amount needed to fill the entire affordable housing gap of the city of Pittsburgh (as of 2016).

Our borrowers also provided housing counseling to 30,669 clients, helping them get ready for homeownership and creating more informed and empowered homeowners across the US.



Leonor worked with Affordable Homes of South Texas to secure a new home for her and her three children.



Education

We invest in education to enhance the economic and social potential for students in under-resourced communities.

3,327

schools financed

2,248,871

students enrolled

15,227

new student seats financed



HOPE Enterprise Corp provided a loan to Memphis Rise Academy to construct a new high school building.

Quality schools are an essential component of any healthy community. Access to a high quality education increases the economic and social potential for students in these communities, and thus contributes to better economic livelihoods for individuals and their families. In 2017, our capital helped to finance 3,327 quality, affordable schools which enrolled 2,248,871 children and individuals, which is the equivalent of 1% of the children of primary age that are out of school worldwide. The schools that were in operation in 2017 employed 78,283 teachers and financed 15,227 new student seats.



Health

We invest to increase access to quality, affordable healthcare to enable individuals and families to learn, work, and thrive.

5,019,847

patients served

308

healthcare facilities financed

We increase access to quality affordable healthcare by investing in intermediaries that finance healthcare facilities and services. In 2017, we helped to finance 308 healthcare facilities that served 5,019,847 unique patients in the US and around the world. These clinics not only provide affordable access to care, but increase job opportunities for trained medical professionals, many of whom are women.



Pharmacist Ada Okorie is the owner of Julie Harrison Pharmacy. She received a loan from Medical Credit Fund to invest in pharmaceutical inventory.

STRENGTHEN COMMUNITIES

ACCESS TO CAPITAL

SOLUTIONS TO CLIMATE CHANGE

Filling gaps in financing for small businesses and entrepreneurs worldwide is crucial to inclusive economic growth.



Microfinance

We invest to improve access to microproducts so more individuals around the world can meet their household and business needs.

\$1,735

average microloan size
disbursed

12,660,594

client individuals served

10,891,586

women clients served
(86% of total clients served)

9,630,113

low-income, poor, or extremely
poor clients served

While the microfinance market has matured and can often access capital from traditional sources, we believe that there are still ways to increase financial inclusion for people living in poverty through innovations that leverage existing platforms. We are investing in microfinance institutions and networks that are producing innovative financial products and services, which can include credit, insurance, and savings products, as well as payment platforms and financial education.

In 2017, our borrowers disbursed an average microloan size of \$1,735 to 12,660,594 client individuals, 76% of which reached low-income clients.



Through its funds, BlueOrchard invests in microfinance institutions worldwide, providing capital to entrepreneurs like Dogsom.



Small Business

We invest in small business as the engine of economic growth and a key tenet of any healthy community.

5,860

small businesses financed

102,629

jobs created and/or
retained

We lend to financial intermediaries who help small business owners get the financing they need to grow their businesses, and in turn, support economic opportunity and job creation for their local communities. In 2017, our capital helped to finance 5,860 small businesses and supported the creation or retention of 102,629 jobs worldwide—the equivalent of employing 1/3 of Amazon's global workforce.



Adolfo worked with Opportunity Fund to expand the inventory of his Western store in Northern California.

STRENGTHEN COMMUNITIES

ACCESS TO CAPITAL

SOLUTIONS TO CLIMATE CHANGE

Mitigating the risks of climate change through sustainable methods and technologies creates economic opportunity and builds the way to a zero-carbon future.



Environmental Sustainability

We invest in efforts to reduce waste, improve water quality, and conserve the planet's natural resources to address climate change and its adverse effect on communities.

91,118

tons of waste reduced

261,508

 metric tons of CO₂ removed

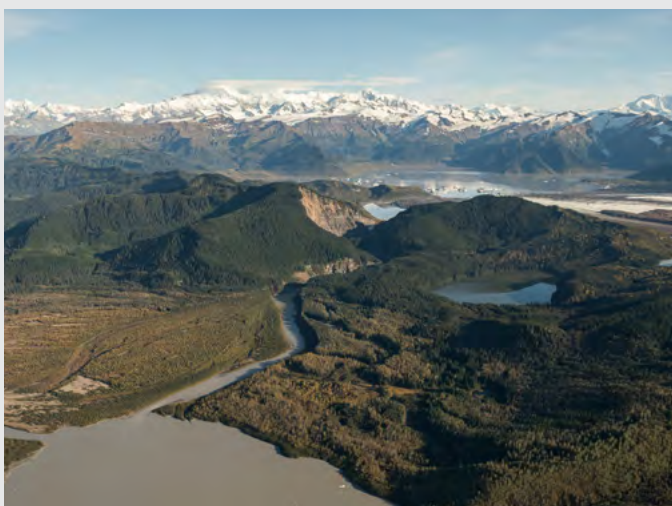
3,336

green housing units financed, managed, or owned

In 2017, our borrowers recycled 91,118 tons of waste, which equates to about 13,000 garbage trucks of waste being recycled instead of diverted to landfills. Reduction in waste going to landfills has a number of positive environmental benefits, including reduction in GHG emissions (which waste emits). The waste reduced by our borrowers reduced approximately 261,508 metric tons of CO₂, which is about the amount of carbon sequestered by a small-sized US National Forest in one year.



DC Water is using proceeds of an environmental impact bond to improve water quality in Washington, D.C.



Chugach timberlands in Alaska, part of which are conserved by Forest Carbon Partners.

Our borrower, **Forest Carbon Partners**, recently worked with the native-owned Chugach Alaska Corporation¹⁴ on an innovative conservation finance transaction whereby the Chugach agreed to sell their coal rights in the Bering River Coal Field to Forest Carbon Partners while at the same time committing to manage over 100,000 acres of Chugach timberlands as a forest carbon offset project. Forest Carbon Partners subsequently retired the coal rights to The Nature Conservancy and the local Native Conservancy, thereby ensuring the permanent preservation of the area and preventing any future emissions from the vast coal stores it contains. The carbon offset project area and retired coal field are located near one of Alaska's most productive salmon fisheries—providing economic and social impact for the tribe and environmental impact in the form of forest and watershed conservation.

¹⁴ <https://forestcarbonpartners.com/news-blog/2017/1/26/bering-river-coal-field-rights-retired-through-chugach-alaska-corporation-new-forests-the-nature-conservancy-and-native-conservancy>



Renewable Energy

In response to increasing greenhouse gas emissions, we provided financing for renewable energy projects that expanded energy access in poor communities while improving air quality and public health.

6,082,121

reduction in lifetime GHG emissions due to products sold or replaced

10,727,921

Kwh of energy conserved over the lifetime of products replaced

55,684,491

Kwh of clean energy generated due to products sold or installed

1,424,189

end users with improved energy access

Our borrowers focus their efforts both on reduction of harmful GHG emissions as well as generation of clean energy from renewable sources.

In 2017, our capital helped to reduced 6,082,121 metric tons CO₂ or CO₂ equivalent, over the lifetime of the energy products sold and replaced. That's like taking 1.3 million cars off of the road for a full year.

In addition, renewable energy products sold by our borrowers will generate 55,684,491 kwh of clean energy with increased efficiency, which is enough to power 4,475 homes for a year.



Schools across India are using Envirofit's PCS-12 stove to save on fuel costs and efficiently feed more people.



Sustainable Agriculture

We invest in projects that increase food security and promote economic development through sustainable agricultural practices.

721,864

smallholder farmers supported

\$70.8 million

in sales revenue for organizations with certifications, such as Fair Trade certification

In 2017, we tackled global food insecurity in a sustainable way by investing in projects that connect farmers to economic opportunities. Our borrowers supported 45 agricultural groups and 721,864 smallholder farmers across the globe. For context, that's roughly the equivalent of 40% of the number of small family farms in the US alone.



Oikocredit is working with farmer cooperatives to help them manage coffee price volatility.

Sustainable Development Goals

The Sustainable Development Goals (SDGs) provide a powerful framework for investors looking to achieve impactful, long-term investment results. By investing in our Community Investment Note, investors gain access to our portfolio organizations working in a variety of impact sectors. Each of these sectors is aligned with the United Nations' (UN) SDGs in different ways. Together, we are working towards achieving 16 out of the 17 SDGs.

More about our alignment with the Sustainable Development Goals at <https://calvertimpactcapital.org/portfolio/sdgs>.

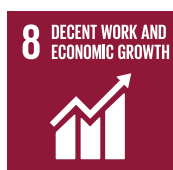


STRENGTHEN COMMUNITIES

SECTOR

UN SUSTAINABLE DEVELOPMENT GOALS

Community Development



Affordable Housing



Education



Health

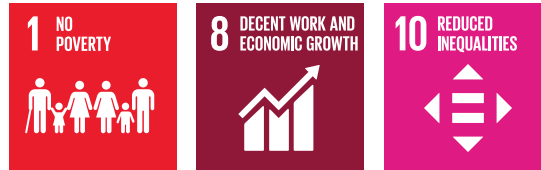


ACCESS TO CAPITAL

SECTOR

UN SUSTAINABLE DEVELOPMENT GOALS

Microfinance



Small Business



SOLUTIONS TO CLIMATE CHANGE

SECTOR

UN SUSTAINABLE DEVELOPMENT GOALS

Environmental Sustainability



Renewable Energy



Sustainable Agriculture



More money, from more people, for more impact.

Interest in impact investing is growing rapidly. Investors of all stripes are demanding opportunities to make a social and environmental impact through their investment portfolios. But the amount of capital invested for impact doesn't match the level of interest; we need to get more money moving.


How? Our 2018 Investor Survey¹⁵ provides insight into the motivations and challenges of impact investors and highlights three calls to action for the broader industry. The report calls for:

- 1 Individual investors to develop a deeper understanding of their agency to invest for impact based on the capital they have;
- 2 More education and engagement for financial advisors; and
- 3 More product development, better distribution, and better marketing of those products.

Building an impact investing movement requires going beyond the communication tactics of traditional finance. We have worked with more than 20,000 investors since launching the Community Investment Note in 1995, and we are consistently experimenting with ways to engage new investors. In the past, we have launched initiatives to highlight issues that investors are passionate about and that our borrowers address. These initiatives ranged from women's empowerment to local community development to diaspora engagement. Some of these initiatives are highlighted on the next page and serve as an example of how we have engaged new investors. Going forward, we will continue to experiment with new ways of featuring our borrowers' work and new ways of reaching interested investors.


15 <https://calvertimpactcapital.org/insights/survey>

LOCAL




Working with residents, community leaders, and partners to strengthen cities across the US.

AGING




Investing in solutions that meet the needs of our aging population.

FAITH



Convening diverse faith voices to increase the practice of impact investing.

HERITAGE



Engaging investors through their countries and regions of heritage.

SPOTLIGHT ON GENDER



Empowering women and girls through investments in clean energy.

In addition to more capital, there is one other critical element to achieving the SDGs: women. The UN has highlighted SDG 5: Gender Equality as a precursor to achieving the other 16 SDGs. We examine gender dynamics across our entire portfolio, with a particular focus on the renewable energy sector, where we've seen tremendous positive impact on women's lives.

In 2017, **100%** of our borrowers from whom we collected impact data also reported on gender disaggregated metrics. These borrowers helped to provide **699,934** women with improved access to clean energy products and made investments to support **1,098** women-owned businesses.

The majority of the people our capital ultimately affects are women. Women represent **61%** of the end clients of our borrowers and their investees. An average of **52%** of our borrowers' staff are women, as well as **43%** of senior leadership and **34%** of the Boards of Directors of our borrowers.

These initiatives have helped communicate the alignment between our borrowers' work and our investors' interests and passions. As we continue to build this bridge between the capital markets and global communities, we will continue this important work of aligning the supply of impact capital with the demand for it.

We are committed to changing
markets and changing minds
to build a better functioning,
more inclusive economy for
individuals, communities, and
the planet.

Join us at calvertimpactcapital.org →

Detailed Methodology

Three Layers of Impact

This 2018 Impact Report is the result of internal analysis of the outputs and outcomes of our work aligned with the three layers of impact: investor, borrower, and community.

Investor impact is the impact we have on our individual and institutional investor and co-lender community through our flagship product, the Community Investment Note, and Syndication services. Our goal is to provide efficient on-ramps for all kinds of investors to engage in impact investing and gain exposure to a portfolio that fits their risk appetite and risk-adjusted return expectations. Through the Note, we seek to contribute to the democratization of impact investing through the offering of a retail product, accessible to investors across the US and offering them exposure to a high-impact, risk diversified portfolio.

Borrower impact, or portfolio impact, is the value our capital provides to our borrowers, their growth, and their ability to scale or sustain their own impact. Our goal is to help borrowers whose needs are not met by traditional capital markets to **BUILD, GROW, or SUSTAIN** their operations and impact, and to connect the markets in which they operate to the broader global capital markets.

Community impact includes the outputs and outcomes that our capital helps to achieve in the communities on the ground and on the planet. Our goal is to affect tangible positive impact on social and environmental challenges through our investments, and help all people live healthy, happy, and productive lives on a more sustainable planet.

Viewed together, these three dimensions of impact—investor, borrower, and community—reflect efforts to build a more functioning marketplace between the global capital markets and global communities. This impact builds upon itself, over time, across sectors, industries, and geographies, and contributes to the collective impact we have on the markets we serve—including the global capital markets and global communities.

Data Collection and Analysis Methodology

We use internal and some external data sources to measure the impact reported in this year's impact report. For our borrower and community impact reporting, we employ

industry-aligned indicators and best practices to collect the most relevant impact data and alleviate the reporting burden on our borrowers. Most data is self-reported on an annual basis. Unless otherwise stated within the report, all data is as of December 31, 2017.

Investor Impact: The metrics in this report reflect the outputs and outcomes we had on our investor and co-lenders in 2017. Metrics on Note sales reflect online and direct sales data from our internal systems and brokerage sales data from our brokerage distributor, InCapital. Due to limited individual account and financial advisor information on Note sales through brokerage firms, not all Note metrics will include brokerage channel sales data and some Note metrics may utilize estimation techniques. Syndication data is sourced from our internal loan syndication and accounting system, as well as other internal records.

Borrower Impact: Metrics reported are based on internal analysis and borrower reporting and are derived from our internal loan servicing system. Output metrics reflect performance in our borrowers' fiscal year 2017, which may vary depending on the borrower. Outcome metrics, such as growth in assets under management, are reported by borrowers and monitored at least quarterly, as well as entered in our internal financial spreading system. Additional qualitative data was collected from the borrowers themselves and case studies were presented with borrower approval. Some performance reported is the result of a long relationship between us and our borrowers, and thus reflects performance through 2017.

Community Impact: Impact metrics reflecting borrowers' outputs and outcomes on the ground and on the environment are collected on an annual basis using a standard process across our portfolio. As of December 31, 2017, our portfolio consisted of 119 active loans across 99 borrowers. 94% of borrowers who were requested to report or make available impact metrics reported to our team. Metrics reflect performance in our borrowers' fiscal year 2017, which may vary depending on the borrower. This report reflects the aggregate total of this data.

While our investments are a crucial portion of our borrowers' financing, it is important to note that this impact was not financed solely by our capital and we do not 'take credit' for the full impact reported in this report. The impact reported

on behalf of our borrowers is a full picture of the impact they had on the environment, in the communities they serve, and the markets they operate in. Borrowers do utilize estimation techniques and proxy indicators where appropriate and in accordance with best practices, in order to capture this full picture of impact.

Co-Creating Industry Best Practice

We believe that impact does not happen in isolation. As we have demonstrated throughout this report, we collaborate with many industry partners in our capital raising and distribution, and the borrowers we work with would never be able to have the impact they do at the scale needed in communities without the additional capital from other lenders, investors, and supporters. But we also know that, without coordination and collaboration, we will not be able to truly understand the impact we—as an industry—are having on the global capital markets and global communities.

To that end, we were pleased to participate in the Global Impact Investing Network's (GIIN) Impact Measurement & Management (IMM) Investor's Council pilot in 2017 and continuing into 2018, demonstrating our commitment to

testing and institutionalizing shared fundamentals in the measurement and management of impact.

As the industry invites new entrants into the space, however, we all need to get more diligent in how we project expected impact and assess and manage impact achieved. We will all need to coalesce around shared best practices for impact management, assessing impact risk, and conducting impact due diligence. At Calvert Impact Capital, we are already refining our IMM Framework to incorporate these key practices through our BUILD GROW SUSTAIN impact model and due diligence framework (our “BGS Framework”). We seek to project expected impact and measure realized impact at each stage of the investment management process and assess the true value that our capital has in each and every investment we make—not only throughout the life of the investment but subsequent growth of the markets we see after years of concentrated investment. We will continue to further refine our BGS Framework in collaboration with our trusted industry partners and look forward to reporting on the impact our capital has helped to create for years to come.

Learn more about our methodology for measuring impact:

<https://calvertimpactcapital.org/impact/measurement>.

About Calvert Impact Capital

Calvert Impact Capital (formerly Calvert Foundation) makes impact investable. Through our products and services, we raise capital from individual and institutional investors to finance intermediaries and funds that are investing in organizations and communities left out of traditional capital markets. We raise retail and institutional capital through our fixed-income product, the Community Investment Note, as well as institutional capital through our Syndication services. During our 23-year history, we have mobilized over \$2 billion of investor capital. All of our investor dollars are channeled to create measurable social and environmental impact across nine sectors in communities in the US and around the world.

For comments or questions on the 2018 Impact Report, contact us at impact@calvertimpactcapital.org. For additional information on our work, visit our Insights page at <https://calvertimpactcapital.org/insights>.

For information on our Syndication services or how to invest in the Community Investment Note, visit <https://calvertimpactcapital.org/invest/syndication-services> or <https://calvertimpactcapital.org/invest>.

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