



TECHSTYLE IMPACT PLAYBOOK

STRATEGIES & MEASUREMENT TOOLS FOR FASHION / FOOD

Techstyle Impact Measurement Playbook – Executive Summary

Objectives

ESG & impact has grown in popularity with increasing consumer consciousness and supporting regulations, sustainability has indeed become a business imperative for all companies. In particular, COVID-19 has accelerated the integration of environmental, social, and governance (ESG) initiatives into business strategies and bring ESG front & center as part of the conversation.

This report aims to provide a guide for startups and corporates to design their impact / ESG goals, strategy & measurement; as well as for investors to measure & communicate on portfolio impact.

We hope that this report can serve as an introduction into the impact measurement landscape in techstyle. For more information, feel free to reach out to us at contact@themillsfabrica.com

Three Key Insights from this report



Identify impact focus areas –

What do we want to achieve

- Identify ultimate social / environmental impact
- Embed ESG impact in business models:
 - Identify main income stream
 - Directly generate impact from products
 - Use profits to support impact projects



Measure your impact –

Select impact assessment tools & metrics

- United Nations SDGs
- B Impact Assessment
- Cradle to Cradle Certified™
- Business for Social Responsibility (BSR)
- Natural Step (ABCD) Method
- HIGG BRM
- GRI Standards
- Impact Multiple of Money



Communicate your sustainability impact –

Reporting & advocating impact

- Impact assessment
- Product development: ingredients & production
- Consumer engagement: competition
- Crossover partnership

Context: Increasing focus on ESG presents an opportunity for startups & companies to think about measuring their impact

Trends

Implications

Growing interest in ESG

Surge in ESG-oriented investing (\$30,000B USD*)

- ESG risks are not distant threats
- Increased attention on company's ESG proposition

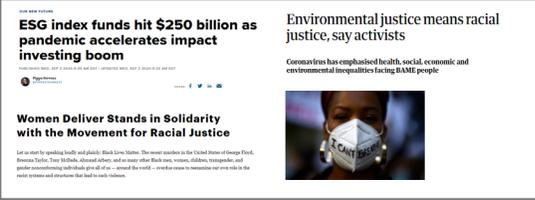
Accelerated sustainability agenda

COVID-19

- Build resilient business models
- Cross-industry collaboration

Diversity movements in US

- Recognition on social issues



ESG importance for businesses

Beneficial for financial returns

- Assess corporate risks and operational performance
- Customers' willingness to pay more for green products

Shift in corporate business models

- US Business Roundtable redefines purpose of a corporation to cover all stakeholders
- Align operations to the SDGs



A need to measure impact

Quantifiable impact to show results

- Minimize carbon footprint
- Source from responsible suppliers
- Recycle materials at each stage in their lifecycle

Select right tools/ frameworks

UN's 17 sustainable development goals for 2030

Key metrics to generate impact data for various outcome

5 dimension framework to assess holistic impact

Business impact through B scores

Product specific environmental impact

Challenges for impact measurement

Lack of standardization/ adoption of existing impact tools

Lack of transparent and consistent data

Difficulty to quantify and measure impact

*as of 2018 from Global Sustainable Investment Alliance
Source: McKinsey, weforum, Forbes, World Economic Forum, GIIN, Fabrica analysis

This impact playbook can be used by both startups/ corporates & investors



Startups / Corporates

To measure and report on impact generated by your business



Investors: venture capital / private equity

To measure impact of individual portfolio and the aggregated impact

A 3-step playbook from impact strategy design to impact measurement & communication

1	2	3
IMPACT STRATEGY: <i>What's the target impact area?</i>	IMPACT MEASUREMENT: <i>How to measure impact?</i>	IMPACT COMMUNICATION: <i>How to share about impact?</i>



- Select target **socio-environmental priorities** & **develop theory of change**
- Design **impact business model** that drives for **measurable impact**

- Goals defined based on **impact priorities** (aligning with theory of change or business model)
- Identify **indicators & measurements** that corresponds to each goal using **industry standards** that allows for verifiability, comparability and aggregation
- 3 key recommended industry standards for Techstyle:

- Reporting on **quantifiable impact verified by industry standards**
- **Impact embedded** in product development or service delivery
- Sharing about impact through **consumer engagement** or **brand collaborations/partnerships**

	UN SDG: Best for impact priorities identification		B Corp: Cert on impact business; score for aggregation		LCA: Most accepted industry cert on environmental impact
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- **Impact investment thesis** as investors' theory of change
- **Embed impact assessment into fund strategy** such as deal sourcing, due diligence & value-creation process

- Measure **individual impact** for each portfolio using industry tools (e.g. above) for corporates
- Aggregate/ compare **portfolio impact** using tools incl.:

- Reporting on impact of individual companies & aggregated portfolio
- Other sharing of best practices & industry thought leadership

	UN SDG: Mapping of portfolio to key goals		B Corp Scores: Compare B Corp Score across portfolio companies
	GIIN / IRIS+: Indicators linked to key impact goals		Impact Mgmt Project: 5 comprehensive dimensions on impact measurement

[1] DEFINING IMPACT STRATEGY

[2] Measuring For Impact

[3] Communicating For Impact

[4] Special Topics

- Impact Strategy & Measurement for Investors
- Deep-dives – United Nations Sustainable Development Goals / B Corporation Certification / Lifecycle Assessment
- Case Studies From Apparel/ Food Brands



Impact strategy: how **startups & corporates** should be thinking about ESG impact strategy for **their business**

1

Identify the ultimate impact you aim to achieve

- Understand WHY do you want to do it and the social or environmental issue you want to address
- Identify WHO is the audience for ESG reporting
- What is your proposed solution to the issue



2

Develop a theory of change process

- “Theory of change” is a model of how a program causes the intended or observed outcomes
- **Who:** Identify the group of participants who can benefit from your activities (i.e. impact the design of the products / services)
- **How:** Identify the activities leading to the impact goals
- **Outcome:** what you expect to achieve from the activities



3

How to embed impact into your business model

- Identify your main sources of income
- Products / services can be created to
 - Directly generate impact; or
 - Generate profits to finance the activities that then create impact



4

How to collect data to measure impact & improve services

- Identify & analyze the impact data from clients and beneficiaries
- Answer the following questions:
 - Is the social or environmental issue still a problem?
 - Are the conditions the same as before?
 - What has changed since offering your solution?
- Redesign activities to maximize social & environmental impact



Understanding sustainability: range of sustainability impact areas across ESG that can be chosen

SUSTAINABILITY FUNDAMENTALS

Environment

Biodiversity

Chemicals

Circular economy / waste

Climate change & energy

Water usage

Social

Labour condition

Suppliers

Customers

Communities

Governance

Board structure & diversity

Code of conduct:
procedures & reporting

Risk and crisis management

Tax strategy & reporting

Supply chain management

[1] Defining Impact Strategy

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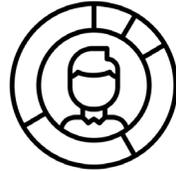
Impact measurement: how **startups & corporates** should be developing the process to measure the ESG impact



1

Always start with “why” and “who”

- Focus on the “why” (purpose of measuring) and “who” (is the company reporting to) rather than which indicators to follow
- Align with sustainability strategy designed through “theory of change” process
- Take impact measurement as a continuous life cycle with constant iteration



2

Analyze stakeholders to understand the expectation

- Map stakeholders and expectations
- Different indicators have different target audience



3

Identify metrics for measuring outcomes

- Strike a balance between academically rigorous and simplicity in measurement
- Primary impact vs secondary impact
- Measure proportional impact in per unit basis and multiple by investment amount
- Process metrics vs outcome metrics

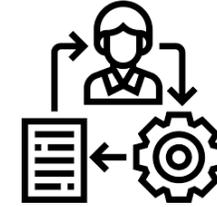
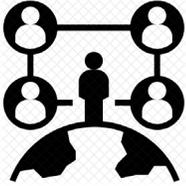


4

Monitoring / Reporting

- Use existing measurement tools instead of re-inventing the wheel
- Frameworks with sector-specific comparability (e.g. SASB) help ESG integration

Important to understand what you want to measure for your business



PRIMARY vs SECONDARY IMPACT

- **Primary impact**
 - Created by the “what”
 - social or environmental impact that is directly caused by the company business through its products / services
 - Example: carbon emission in manufacturing process
- **Secondary impact**
 - Created by the “how”
 - Social or environmental impact measured by the business operations / practices
 - Example: certified B corp, LEED
- Benefits of distinguishing between primary and secondary impact: reduce opportunity for greenwashing

PER UNIT IMPACT MEASUREMENT

- Identify the social and environmental impact of one unit of product / service
- Allocate the overall impact by multiplying proportion of investment
- Example:

Reduction of greenhouse gases emissions per product (sustainable product vs. original product)	2kg
# of products sold	1000
Total greenhouse gases reduced	2kg x 1000 = 2000kg
Fund's investment in the company / product	5%
Fund's environmental impact	5% x 2000kg = 100kg

PROCESS vs OUTCOME METRICS

- **Process metrics**
 - number and characteristics of people served
 - number and types of services provided
 - Process measurement indicates if the initiative is reaching the intended target population
- **Outcome metrics**
 - Captures what has changed among the target population as a result of the services delivered

Many measurement tool exists in the landscape; important to choose ones that fit best

1 TOOLS FOR DIFFERENT FOCUS AREAS / OBJECTIVES

B Corporation

Certified **B** Corporation
B Impact Assessment

UNSDG mapping

SUSTAINABLE DEVELOPMENT GOALS
 SDG ACTION MANAGER

Lifecycle assessment (LCA)

GaBi Software
 One Click LCA
 openLca
 SimaPro
 Ecochain

2 TOOLS FOR DIFFERENT TARGET GROUPS

Tools for Corporates

cradle to cradle
 GRI STANDARDS
 The Natural Step
 BSR
 TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Tools for Apparel Brands

Sustainable Apparel Coalition
 Higg Index
 GLOBAL ORGANIC TEXTILE STANDARD
 OEKO-TEX® CONFIDENCE IN TEXTILES STANDARD 100
 1% FOR THE PLANET
 bluesign

Tools for Food/ Agriculture Industry

FAIRTRADE
 RAINFORREST ALLIANCE
 ANIMAL WELFARE APPROVED
 IFOAM ORGANICS INTERNATIONAL

Tools for Investors

IRIS+
 Impact Multiple of Money (IMM)
 IFC International Finance Corporation
 WORLD BANK GROUP
 Certified B Corporation
 IMPACT MANAGEMENT PROJECT

Amongst various standards, 3 key tools stand out for Techstyle startups/ corporates to get started on impact strategy & measurement...



B CORPORATION

UNSDG MAPPING

LIFECYCLE ASSESSMENT (LCA)

*Certify corporate as impact-focused; allowing for **aggregated impact score** composed of various indicators linked to impact goals*

Identify impact priorities & goals mapped to globally recognized framework on ESG Impact

Standard to help measure environmental impact of an innovation or product on per unit basis compared to existing alternatives

Corporate certification & aggregation

Goals identification & mapping

Validate per unit impact

...allowing companies to evaluate impact holistically from company certification to individual areas & metrics

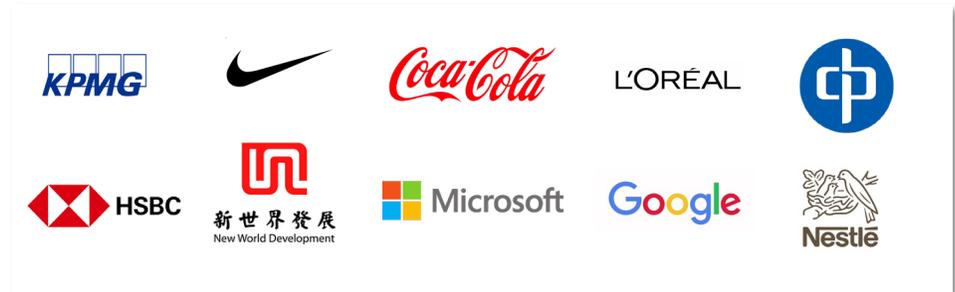
Does your business “do good”?

Certification as a B Corp



What areas to “do good” on?

Mapping using UNSDGs



Measuring how well we “do good”?

Measuring using LCA



3 key measurement tools help cater to different certification/ measurement objectives and analysis of impact

B CORPORATION



UNSDG MAPPING



LIFECYCLE ASSESSMENT (LCA)



Objectives	<ul style="list-style-type: none"> • Third party certification • Provide a benchmark assessment on business impact through B scores • Enhance customers' knowledge & loyalty on the company • Achieve operational savings 	<ul style="list-style-type: none"> • Impact strategy, mapping & measurement • Can be used with other standards, e.g. GRI and B lab assessments • Comprehensive tool that consists of 17 goals, 169 targets and 232 unique indicators • Most used and accepted framework 	<ul style="list-style-type: none"> • Methodology for assessment environmental impact of specific innovation/ product • Provide a holistic overview of the environmental impact of a product from cradle-to-grave • What brands commonly look for in innovators; also good for consumer education
Target stakeholders	End customers, impact investors	Corporates, government bodies	Brands, retailers, impact investors
Impact focus areas	Governance, workers, community, environment, customers	Poverty, health, education, environment, economy	Environment
Price	Annual certification fee: \$1K USD+, depending on company size	Free	Streamlined: \$2-8K USD; Full: \$50-60K USD
Time to completion	6-12 months; re-certify every 3 years	Subject to the company	Streamlined: ~3 weeks; Full: ~9 months
Cost coverage	<ol style="list-style-type: none"> 1. Verification & standards: reviewing applications 2. Technology platforms: development of B impact assessment tool 3. Licensing fee 4. Local & global movement building 	N/A	<ol style="list-style-type: none"> 1. Access database 2. Collect & process data 3. Conduct simulation & calculation 4. Generate reports

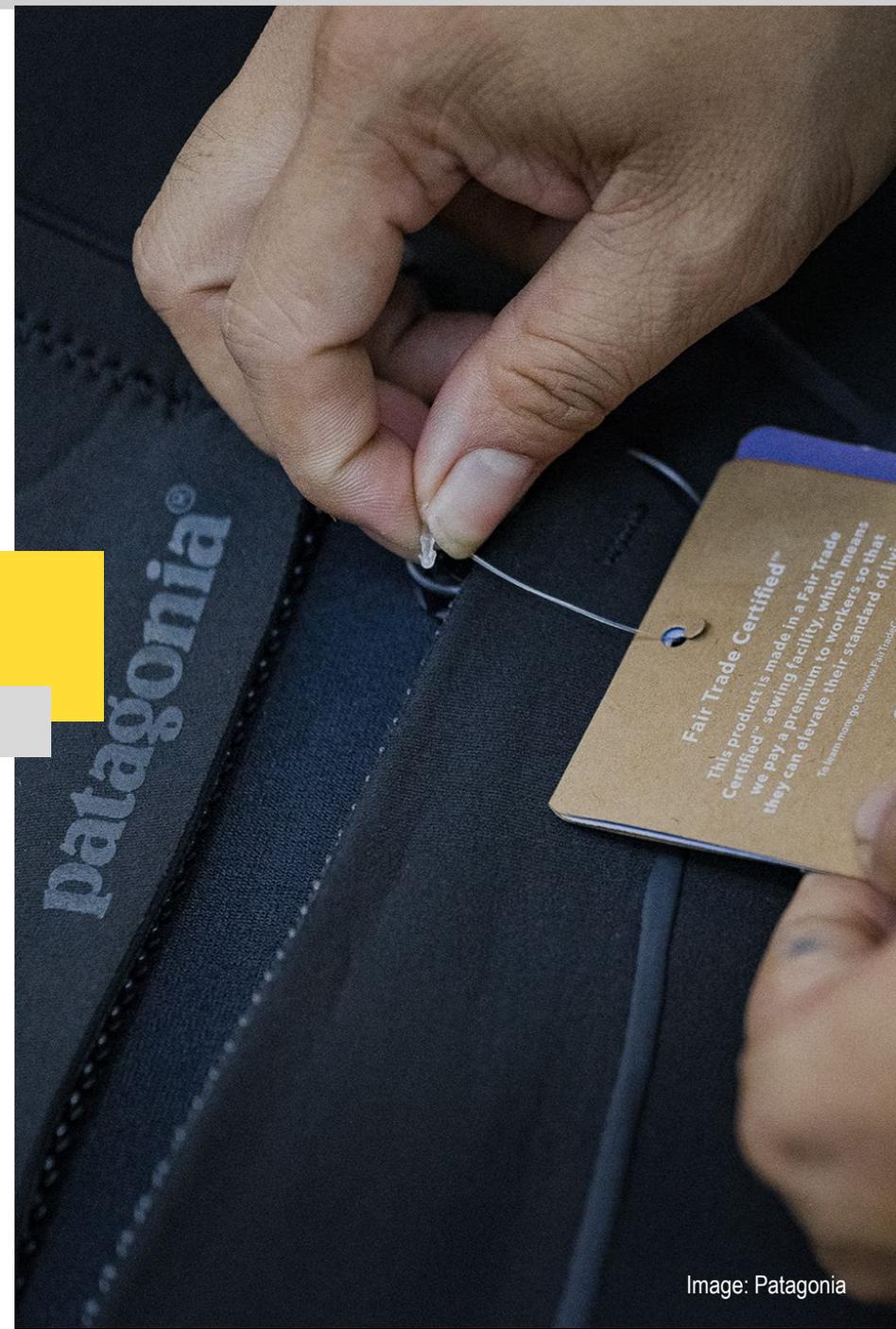
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Customers' consciousness on sustainability accelerates the need for brands to communicate their impact strategy & initiatives



Be careful of greenwashing

Customers demand third-party certification to hold businesses accountable; benchmark against peers in the industry



Increase brand awareness & equity

Shoppers look for brands/products that align with personal values; willing to pay premium for green products



Engage audience to enhance brand loyalty

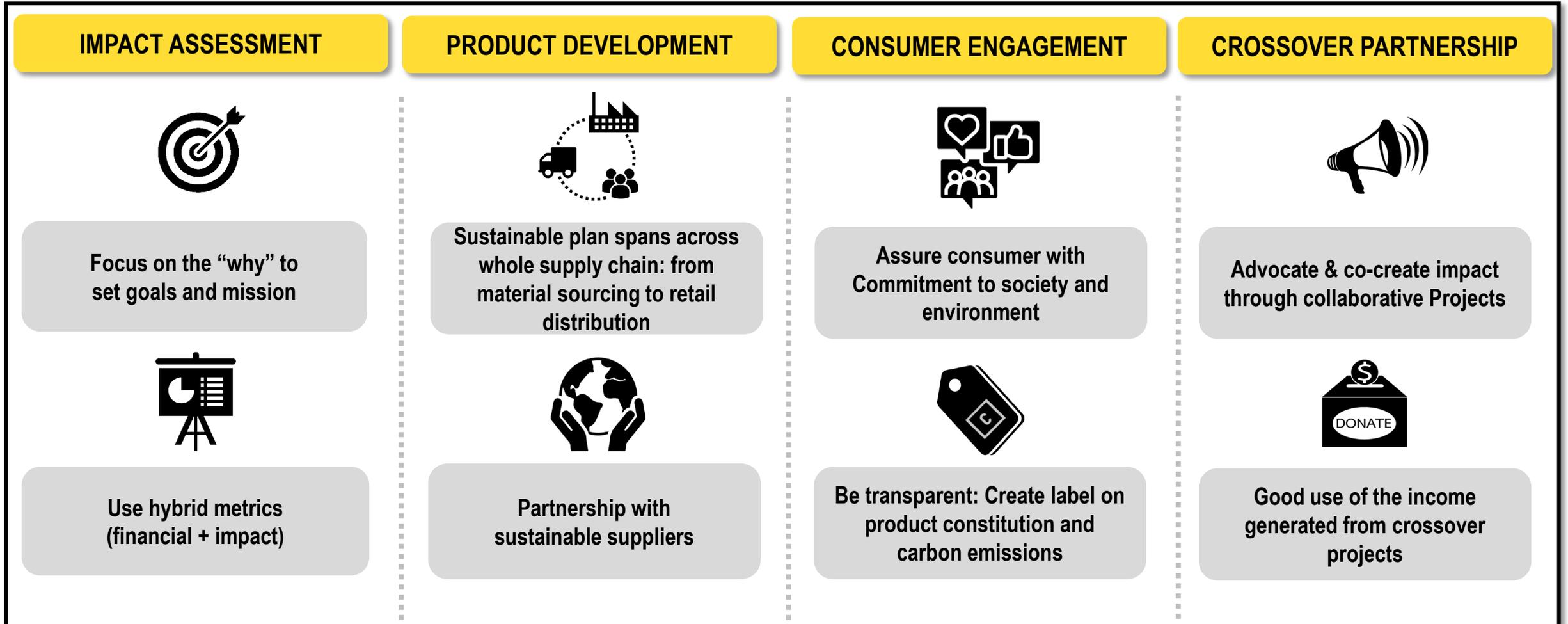
Customers turn to purchasing decision to mark their first "green" step; Help / empower customers lower/offset their carbon footprint



Brand collaboration for sustainability

Accelerate better practices across the industry; create larger pool of conscious customers

4 key ways to communicate sustainability impact to the world



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Impact strategy: how **investors** should be evaluating ESG impact of their portfolio



1

Investment thesis and how ESG/ impact fits into thesis

- Identify focus ESG impact area
- Adopt existing impact measurement framework, e.g. 5 dimensions from Impact Management Project
- Set up guiding questions on What, Who, How much, What is Investment's contribution, What are the risks
- Identify the magnitude of the problem to be solved



2

Due diligence

- Assess portfolio's impact:
 - How many people the service / product can reach
 - How deep can the impact be (i.e. how quickly can impact results be seen)
- Determine key metrics (e.g. reach target, alignment to SDGs) together with portfolio based on projections & benchmarks



3

Portfolio value creation

- Support/ help companies drive for impact after investing through using data collected in decision making, risk mitigation and impact maximization



4

Measurement/ aggregation

- Impact metrics are different for each portfolio
- Investment contribution can be calculated by dividing the impact in per unit basis and multiplying by investment amount
- Report on the B corp certification of the portfolio companies to indicate quality assurance on business practice impact
- Conduct independent assessment of performance at portfolio level if necessary

Impact measurement: how investors should measure the ESG impact of the portfolio / fund

INDIVIDUAL INVESTEE MEASUREMENT

- Set impact indicators / targets based on different tools / frameworks such as UN SDG, B Corp, LCA
- Calculate social return on every dollar spent, e.g. Impact Multiple of Money (IMM)



FUND PORTFOLIO AGGREGATION



- Register the investment fund as a B Corp

Investors using this include:



- Use GIIN's IRIS+ / Impact Management Project to design the impact strategy

Investors using this include:



- UN SDG Mapping of their portfolio

Investors using this include:



- IFC – led Operating Principles for Impact Management

Investors using this include:

Overview: UNSDG is the most widely adopted impact assessment standard and metric

BACKGROUND UNSDG

- UNSDG serves as a high-level forum for joint policy formation and decision-making
- 17 Goals related to different ESG areas; Goals are a blueprint to achieve a better and more sustainable future for all; within each goal there are specific indicators
- Address the global challenges related to poverty, inequality, climate change, environmental degradation, peace and justice.
- Adopted by all UN Member States in 2015
- Part of the 2030 Agenda for Sustainable Development: target to achieve the Goals by 2030
- More than 1,500 companies provided input and guidance

KEY IMPACTS

<h1>9500+</h1> <p>Companies participating</p>	
<h1>5100+</h1> <p>Partnerships</p>	<h1>1200+</h1> <p>Publications</p>
<h1>3000+</h1> <p>Non-business signatories</p>	<h1>960+</h1> <p>Events held related to UNSDG</p>
<h1>160+</h1> <p>Countries Impacted</p>	<h1>70+</h1> <p>Local Networks</p>

UNSDG 17 goals: aims to end poverty and deprivations through initiatives to improve health and education, reduce inequality, trigger economic growth while tackling climate change and preserving our nature

17 GOALS



1 NO POVERTY
End Poverty in all its forms everywhere



2 ZERO HUNGER
End hunger, achieve food security and improved nutrition and promote sustainable agriculture



3 GOOD HEALTH AND WELL-BEING
Ensure healthy lives and promote well-being for all at all ages



4 QUALITY EDUCATION
Ensure inclusive, equitable quality education and promote lifelong learning opportunities for all



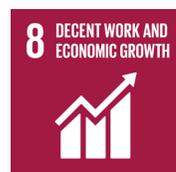
5 GENDER EQUALITY
Achieve gender equality and empower all women and girls



6 CLEAN WATER AND SANITATION
Ensure availability and sustainable management of water and sanitation for all



7 AFFORDABLE AND CLEAN ENERGY
Ensure access to affordable, reliable, sustainable and modern energy for all



8 DECENT WORK AND ECONOMIC GROWTH
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



10 REDUCED INEQUALITIES
Reduce inequality within and among countries



11 SUSTAINABLE CITIES AND COMMUNITIES
Make cities and human settlements inclusive, safe, resilient and sustainable



12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns



13 CLIMATE ACTION
Take urgent action to combat climate change and its impacts



14 LIFE BELOW WATER
Conserve and sustainably use the oceans, seas and marine resources for sustainable development



15 LIFE ON LAND
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



17 PARTNERSHIPS FOR THE GOALS
Strengthen the means of implementation and revitalize the Global Partnership for Sustainable development

Objectives & benefits: SDGs encourage development of business-led solutions & technology to address world's issues



Objectives of using UNSDG mapping

- Mapping of business impact goals to UN SDGs (with corresponding indicators within each goal)
- Guide companies on how they can align their sustainability strategies
- Measure their contribution to the Sustainable Development Goals
- Allow companies to demonstrate how their business helps to advance sustainable development by minimizing negative impacts and maximizing positive impacts on people and the planet

Benefits of using UNSDG

- Identifying future business opportunities
- Enhancing the value of corporate sustainability
- Strengthening stakeholder relations and keeping the pace with policy developments
- Stabilizing societies and markets
- Using a common language and shared purpose

Tools: leverage on tools like SDG Action Manager

SDG ACTION MANAGER

- Launched in January 2020; developed by B Lab and the United Nations Global Compact
- Web-based impact management solution to enable businesses to take action on the Sustainable Development Goals through 2030
- Includes “Baseline Module” that provides a starting point for users and “SDG Specific Modules” for each of Sustainable Development Goals 1-16
- Features a series of questions designed to offer concrete actions for businesses to improve their impact
- Offers a performance framework to track their progress, internally benchmark against others, and supplemental resources to assist in their implementation



Designing your UNSDG strategy: align company's strategies and manage contribution using SDG Action Manager



1

Baseline modules

- Dashboard includes a list of “suggested SDGs” based on industry that the company indicated they belong to during registration
- Answer a series of questions about the fundamental responsibilities to proactively manage the topics including
 - Human rights
 - Environment
 - Labor
 - Anti-corruption



2

Deep-dive into specific modules

- Specific questions highlighting key practices and measures that businesses can take to help achieve particular SDG
- Questions are related to different aspects of business actions including:
 - Business model
 - Internal Operations
 - Supply Chain
 - Collective Action
 - Risk Level



3

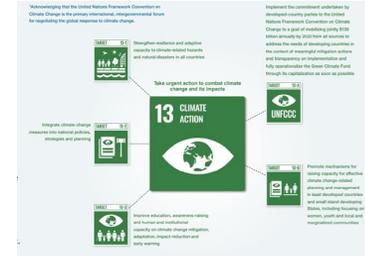
Accessing Score

- Access to the overall performance score and a score breakdown by each subtopic within the module
- Scoring for each module is presented as a percentage (0-100%), with underlying subtopics presented on a “points” basis (0-25)
- Able to benchmark performance among other peer users

Designing your UNSDG strategy: targets and indicators under SDG Action Manager



Baseline modules



Specific modules

4 major topics including 10 Principles of the UN Global Compact

5 main categories with 169 targets & 232 indicators



Commitment to Human Rights

- Support human rights
- No human right abuses



Positive Labour Practices

- Uphold freedom of association
- No forced labour
- No child labour
- No discrimination



Environment Management Systems

- Precautionary approach to environmental challenges
- Undertake environmental responsible initiatives
- Develop technologies



Good Governance

- Anti-corruption
- No extortion and bribery

Business Model

- How to analyze its business relates to the goals
- Whether it has explicitly designed products to achieve it

Internal Operation

- How to contribute to the SDG within its own operation
- Has a company taken practices related to its own facilities and workforce?

Supply Chain

- How to manage its supply chain's contributions to the SDG
- Has a company taken supplier screening practices and supplier support?

Collective Action

- How to contribute to the SDG at the industry, regulatory and society
- Has a company advocated positive regulatory reforms, industry collaborations and community investments?

Risk Level

- Receive flag rating based on specific practices or lack of information for businesses to mitigate risk

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Overview: B corporation certification is a third-party certification that measures a company's entire social and environmental performance

BACKGROUND OF B CORPORATION

- In 2006, three friends left careers in business / private equity and created an organization dedicated to mission-driven companies.
- Goal: to protect and improve the positive impact of mission-driven companies; fit into US tax and legal regulation
- First 82 companies registered as B Corp in 2007
- Certifies companies that making find a good balance between social purpose and profit

Key Impacts

- 3000+ Certified B Corporations in 50+ countries
- Certifies companies spanning various sectors including apparel, healthcare and renewable energy

KEY ASPECTS

Measuring Impact : B Impact Assessment

Tools for measuring impact on workers, community, environment, customers

Impact Indicator: B Impact Score

Higher score indicates that the company is doing something positive

Issuing Certification: B Corp Certification

Verification on high standard of social And environmental performance

Community: B Economy

Community for businesses competing to be the best for the world

LEADING EXAMPLES



B Impact Score
151.4



B Impact Score
110



B Impact Score
89.4

Objectives & benefits: Global B Movement promotes social and environmental goods; there are over 3,000 + Certified B Corporations in more than 50 countries



Objectives of certifying as a B Corp

- Promote **social goods**: equality, inclusion, and transparency
- Promote **environmental goods**: conservation, ecosystem restoration, waste reduction, and the protection of valuable shared natural resources.

Benefits of committing to B Corp practices

- Set the benchmark for internal business practice
 - local purchasing, reducing carbon emissions, and fair labor
- Extend mission-driven network
- Enhance communication on brand's sustainable practices to partners and customers
- Increase employee's satisfaction and loyalty

Preparing for B corp certification: there are 6 key steps to complete assessment, verification and certification



1

B Lab Impact Assessment

- An evaluation of 180-200 questions
- A minimum of 80 out of 200 points to become certified



2

Assessment Review Call

- Call with a B Lab staff to verify the accuracy of assessment responses



3

Supporting Documentation

- Provide supporting documents for 8-10 randomly selected responses
- Fill out disclosure questionnaire on company's litigation history



4

Amend Articles of Incorporation

- Allowing company directors to consider the impacts of business decisions on all stakeholders



5

Sign Declaration of Interdependence

- The document includes:
- Conditions; and
 - Expectations of certification



6

Ongoing Requirements

- The company must:
- Pay the annual certification fee
 - Recertify every 3 years
 - Update company's supporting documents
 - Maintain a public profile on B Lab's website

Tools & assessment criteria: there are 5 key focus areas under the B Impact Assessment

ASSESSMENT CRITERIA

GOVERNANCE

- Overall mission, ethics, accountability and transparency
- Topics: integration of social and environmental goals in employees' performance evaluation, impact reporting and transparency, stakeholder engagement, and more

WORKERS

- Contribution to its employees' financial, physical, professional, and social well-being
- Topics: payment of a living wage, benefits, employee health and safety, professional development opportunities, and more.

CUSTOMERS

- The value that the company creates for their direct customers and the consumers of the products or services
- Topics: ethical and positive marketing, warranty and quality assurance of products and services, data privacy, data security, and more

COMMUNITY

- Contribution to the economic and social well-being of the communities in which it operates
- Topics: diversity and inclusion, job creation, civic engagement and philanthropy, supply chain management, and more

ENVIRONMENT

- Overall environmental stewardship, including how the company manages general environmental impacts
- Cover specific topics like climate, water use and sustainability, and impacts on land and life



Post B corporation certification: Reporting requirements vary across business types

Business Types

Startups

- Companies with less than one year of operations

Large Companies

- Companies that are publicly-traded or have between \$0.1B and \$4.9B USD in annual revenues

Large Multinational and Parent Companies

- Parent companies that have over \$5B in annual revenue

Related Entities

- Parent companies, subsidiaries, franchises, and other affiliated entities

Annual Certification Fees

Business of annual revenue:	Certification fees
\$0 to <\$150K USD	\$1K USD
\$150K to \$1M USD	\$1.1-1.3K USD
\$1M to \$19.9M USD	\$1.4-8.5K USD
\$20M to \$99.9M USD	\$12-25.5K USD
\$100M to \$999.9M USD	\$25.5-50K USD
\$1B+ USD	Based on size/ complexity of business

REQUIREMENTS (for companies with over \$5B USD in annual revenue)

ANNUAL SUSTAINABILITY REPORTING

- An annual impact report transparent to the public
- Using a third-party standard e.g. BIA, GRI, Integrated Report, etc.

MATERIALITY ASSESSMENT

- Identify relevant megatrends and material topics to the company
- Includes grievance/complaint mechanism
- Transparent, stakeholder engagement process
- Conducted on a regular basis

MATERIAL ISSUES MANAGEMENT

- Development of management strategies on such issues
- Include specific performance goals

HUMAN RIGHTS POLICY

- Specific human rights policy:
- E.g. explicit commitment to key human rights covenants
- Identifies the most salient human rights issues relevant to the business

TAX & GOVERNMENT AFFAIRS DISCLOSURE

- A statement on company's tax approach and government affairs

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[2] Measuring For Impact

[3] Communicating For Impact

[4] SPECIAL TOPICS

- Impact Strategy & Measurement for Investors
- **Deep-dives** – United Nations Sustainable Development Goals / B Corporation Certification / **Lifecycle Assessment**
- Case Studies From Apparel/Food Brands



Overview: Lifecycle assessment (LCA) assesses environmental impacts associated with all the stages of a product's life

BACKGROUND OF LCA

- LCA developed during the energy crises in the 1970s for the need for detailed energy analyses on waste and emissions analysis
- Currently used by many fashion and food industry, to provide them with the information they need to respond to market demands, legislative pressures and to explore improved product development and design

KEY USAGE AREAS



TYPES OF LCA

Streamlined LCA

- Relies on secondary data and professional life cycle assessment software to produce rapid results

- Cost: \$2-8K USD

- Time of completion: ~3weeks

Full LCA

- Relies on analysis over impact across inputs and outputs

- Cost: \$50-60K USD

- Time of completion: ~9months

Objectives: evaluate and quantify the environmental impact of your product



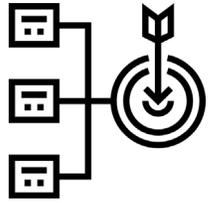
OBJECTIVES OF ADOPTING LCA

- Provide a holistic overview of the **environmental impact** of a product from cradle-to-grave
- Serve as a decision making tool for sustainable development
- Compare the impact of your product vs. other products
- Identify improvements in the life cycle (e.g. sourcing, process, suppliers, and/or customers)
- Educate customers why they need to use your products and adopt sustainable measures

CONDUCT A STREAMLINED LCA INSTEAD OF A FULL LCA

- Streamlined LCA relies heavily on secondary data and professional life cycle assessment software to produce rapid results.
- **Benefits:**
 - Widely adopted
 - produce results quickly
 - useful for initial hot-spotting and testing conclusions and to determine if a full LCA is needed
 - For brands to compare two products and take informed decisions
- **How to achieve a Streamlined LCA?**
 - Limit the scope: take out life cycle phases or processes with negligible effect on the environment
 - Use qualitative information
 - Remove upstream and/or downstream components
 - Use specific impact category

Preparing for lifecycle assessment (LCA): follow ISO standards to conduct LCA in 4 phases



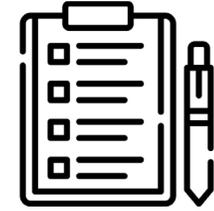
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4

Definition of Goal and Scope

- What is the purpose of evaluation?
- What is a product System?
- How much of the product system should be included?

Inventory Analysis

- Which resources are consumed? E.g. energy, water, raw materials
- Which emissions occur?
- How is the working environment affected?
- How is the data for the Life Cycle Inventory collected?
- Model the life cycle inventory flow

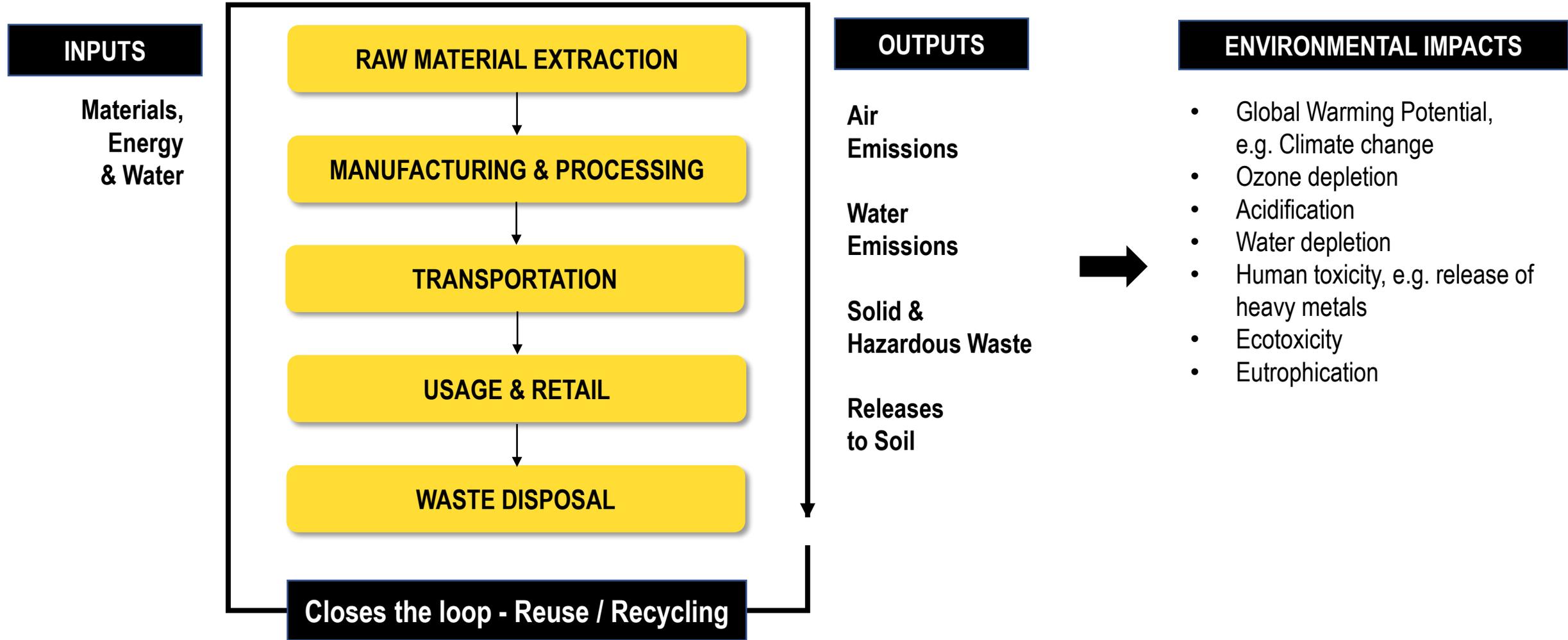
Impact Assessment

- Normalization: select indicators and models for common measures, e.g. assign all measurements to CO2 equivalents
- Classification: which defined impact categories do the emissions contribute to
- Weighting: determine how serious is each potential compared to others and calculate all CO2 equivalents

Interpretation

- Identify significant environmental issues
- Evaluate the study itself, how complete it is, if it's done sensitively and consistently
- Conclusions, limitations, and recommendations

Preparing for lifecycle assessment (LCA): break down the inventory analysis in 5 steps to evaluate inputs and outputs



[1] Defining Impact Strategy

[2] Measuring For Impact

[3] Communicating For Impact

[4] SPECIAL TOPICS

- Impact Strategy & Measurement for Investors
- Deep-dives – United Nations Sustainable Development Goals / B Corporation Certification / Lifecycle Assessment
- **Case Studies From Apparel/ Food Brands**



Case studies: Allbirds gains recognition as a sustainable mission-driven product



IMPACT ASSESSMENT

PRODUCT DEVELOPMENT

CONSUMER ENGAGEMENT

CROSSOVER PARTNERSHIP

Certified B Corporation

Success in environmental impacts



Overall B Impact Score

89.4

	Company Score	Median
Governance	15.4	6
Workers	22.9	18
Community	19.6	17
Environment	28.6	7
Customers	2.6	N/A
Overall	89.4	55

Material sourcing

- Partnership with providers that commit to society and environment
- Replace synthetics with natural, renewable materials

Manufacturing practices

- Keep track of energy used throughout manufacturing process
- Sustainable production and supply chain
- Simplistic design integrated with natural materials
- Recycled packaging (90% post-consumer recycled cardboard, shoebox, shopping bag, and mailer)

Launching mission-driven products

- Label the CO2 emitted for every product produced
- Develop a tool with third-party carbon experts to measure the carbon intensity of every decision they make: materials, development, manufacturing, packaging, and shipping
- Adopt eco-friendly shoelace and absorb the high cost behind rather than derive the cost on the consumer

JUST

- Design Limited Edition Tree Toppers and Tree Runners
- Outcome: donate 100% of the proceeds to Earth Alliance's Amazon Forest Fund to support wildlife relief

ADIDAS

- Develop sustainable shoe with the lowest carbon footprint (2 kg compared to the average 12.5 kg of other sneakers on the market)
- One-piece upper: made with eucalyptus tree fibre, reinforced eyelets, and resilient post-consumer recycled laces
- SweetFoam™+ : made with the world's first carbon-negative green EVA, and natural rubber traction pads

Case studies: Ben & Jerry's defines their success through sourcing sustainable ingredients, reducing carbon footprint in manufacturing practices



IMPACT ASSESSMENT

Certified B Corporation

- Supported by Unilever



Overall B Impact Score
110

	Company Score	Median
Governance	16.7	6
Workers	27.0	18
Community	44.1	17
Environment	22.2	7
Overall	110	55

Social & Environmental Assessment Report (SEAR)

- Reporting Companies' social mission in Core Values; Activism Campaigns; Equity; Dairy; Fairtrade; Climate

PRODUCT DEVELOPMENT

Ingredient sourcing

- Setting humane standards for ingredients sourcing
- E.g. GMO-free/ cage-free/ Fairtrade
- Equipping farmers with sustainable practices
- Partnership with ingredient providers that commit to society and environment

Manufacturing practices

- Reducing waste disposal in supply and operational chain
- Sourcing machinery in efficient standard
- Sustainable Packaging

CONSUMER ENGAGEMENT

Commitment to society and environment

- People, Community & "Giving Back" Practices: Assuring consumer with continued commitment to sustainability
- Partnership: owned and operated by youth-serving nonprofit organizations
- Community Action
- Activists in Social and Environmental Issues

CROSSOVER PARTNERSHIP

New Belgium Brewing

- Launched crossover beer products
- Impact : Donated sales proceedings to Protect Our Winters/Opens (POW), an organization to combat climate change.

Case studies: Patagonia commits to environmental, social / workers and animal welfare responsibility



IMPACT ASSESSMENT

Certified B Corporation

Success in community impacts



Overall B Impact Score

151.4

	Company Score	Median
Governance	16.9	6
Workers	20.8	18
Community	63.8	17
Environment	43.5	7
Customers	6.3	N/A
Overall	151.4	55

PRODUCT DEVELOPMENT

Organic Cotton

- All of its cotton is certified organic by the Global Organic Textile Standard (GOTS),
- Bluesign® certified for 56% of its fabrics

Recycled Fibers

- 72% of materials are made from recycled fibers.
- Avoided 11,500 metric tons of CO₂e, enough to power 1,300 homes for one year

CONSUMER ENGAGEMENT

Ethical Labor Treatment

- FairTrade Certified Products
- Created funding to factory workers
- Conduct community projects
- Build up health-care programs, child-care center, compliance to workers' health and safety

Member of 1% For The Planet

- Has pledged 1% of sales to the preservation and restoration of the natural environment since 1985
- awarded over \$89 million to domestic and international grassroots environmental groups

CROSSOVER PARTNERSHIP

Walmart & Adidas

- Co-created Sustainable Apparel Coalition (SAC)
- Helped gather the top leaders in the apparel industry for an inaugural meeting in 2010
- Created an index of social and environmental performance: Higg Index

Modeco: "ReCrafted" Series

- Collaborated with a Japanese local brand
- "ReCrafted" as bags made up with upcycled materials



Case studies: PepsiCo helps to build a more sustainable food system to tackle climate change, agriculture, water usage, packaging and people

IMPACT ASSESSMENT

- Set sustainability priorities according to UNSDG to achieve goals by 2030
- Reporting on its commitments around 6 pillars to build sustainable food system
 - Agriculture
 - Water
 - Packaging
 - Product
 - Climate
 - People



PRODUCT DEVELOPMENT

Agriculture

- ~80% sustainably sourced potato, whole corn, oats, and oranges, palm oil, cane sugar (vs target 100%)

Packaging

- Design ~90% recyclable, compostable, or biodegradable packaging (vs target 100%)

Products

- Build portfolio of nutritious food (~60%) food portfolio will reduced sodium and saturated fat threshold (vs target 75%) through acquisitions of positive nutrition brands, product innovations and reformulations

CONSUMER ENGAGEMENT

Packaging Recycling

- Support public education and training for consumers and communities such as *The Recycling Roadster* (hybrid vehicle that travels around the country to inform recycling)
- Recycling bins are also placed at neighborhood parks

CROSSOVER PARTNERSHIP

Inter-American Development Bank

- Installed water pumps and pipes for difficult-to-reach rural communities in Latin America
- Launched a modeling tool called HydroBID to help local gov. estimate the availability of freshwater in water-scarce regions and aid in water budgeting and water-resource planning

Closed Loop Fund on recycling

- Founding member of the Fund to support initiatives e.g. building new trucks for pick up and tech for recovery facilities

- **Equal Heart on “food for good”**
Operate mobile food programs to reducing childhood hunger

Case studies: Bain Capital Double Impact leverages UNSDGs and B score to assess their portfolio's impact

IMPACT ASSESSMENT

Set sustainability priorities in 3 Core Impact Themes:

- Health and Wellness: Expand access to healthcare, food systems for communities
- Education and Workforce Development: Provide training and education to improve labour skills and achievement
- Sustainability: Reduce environmental impact and greenhouse gas emissions



INVESTMENT PROCESS

Sourcing impact startups

- Leverage the Bain Capital Platform to access impact deal opportunities
- Comprehensive Analysis: 350+ GICS* Sub-sectors assessed through impact playbooks

Due diligence

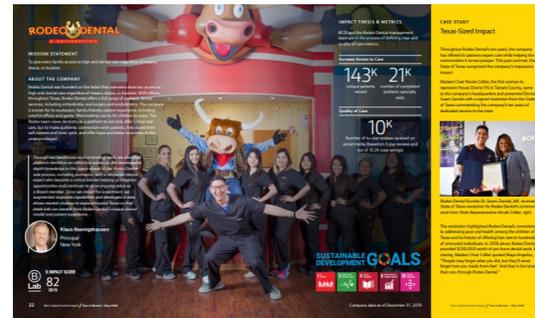
- Develop impact thesis: how to help expand the social & environmental impact
- Propose key impact metrics
- Drive impact results through active management

*Global Industry Classification Standard

PORTFOLIO REPORTING

Impact reporting for investee

- Mission statement & description of the company
- B score and UNSDG alignment
- Impact thesis & metrics specific to the company, e.g. number of clients served, customers reviews to indicate quality of service, etc)
- Use case examples



PARTNERSHIP

Portfolio Companies

- Strategic blueprinting
- Leadership recruiting and assessment
- Impact initiatives and tracking

B Lab

- Take assessment for portfolio companies annually

Community

- Participate in education and thought leadership initiatives
- Gather key stakeholders to brainstorm solutions

Concluding thoughts

Identify impact focus areas

- What do we want to achieve

Measure your impact

- Select impact assessment tools & metrics

Communicate your sustainability impact

- Reporting & advocating impact

- Important to understand the **fundamental ESG issues the company is targeting and prioritizing**
- Impact tools and framework are designed for specific target beneficiaries (startups, corporates, investors), impact focus (business models, products, operations, etc)
- **Focus on the “why” and “who”**; why is the company measuring and who is the measurements for rather than which indicators to follow
- **Impact measurement through industry standards:** Instead of mere qualitative impact storytelling, consumers increasingly demand on third party certification with quantitative metrics to hold
- **Product development:** Consumers look for brands and products that align with their personal values while willing to pay a premium for green products
- **Consumer engagement:** educate consumer the impact of their purchase and empower them to make decisions
- **Crossover partnership:** accelerate sustainable practice within the industry businesses accountable



Appendix: Helpful tools & resources for impact measurement

- **Appendix 1:** Resources on specific tools/ indicators (UNSDGs, B Corp, LCA)
- **Appendix 2:** Impact Assessment Tools for
 - Corporates
 - Apparel brands
 - Food brands
 - Investors
- **Appendix 3:** How investment firms are measuring impact
- **Appendix 4:** List of key impact investors



Appendix 1: Resources for standard impact tools

GLOBAL STANDARDS / CERTIFICATION	DESCRIPTION	ASSESSMENT CATEGORIES	PARTICIPATING COMPANIES
<p>United Nations Sustainable Development Goals (UNSDGs)</p> 	<ul style="list-style-type: none"> The blueprint to achieve a better and more sustainable future for all Address the global challenges including those related to poverty, inequality, climate change, environmental degradation, peace and justice The 17 Goals are all interconnected UNSDGs serve as a standards for joint policy formation and decision-making Guides, supports, tracks and oversees the coordination of development operations in 162 countries and territories. 	<ul style="list-style-type: none"> 17 Goals 	
<p>B Corporation (B Corp Certification)</p> 	<ul style="list-style-type: none"> Certifies companies that find a good balance between social purpose and profit making Evaluates how a company's operations and business model impact their workers, community, environment, and customers. Reports are transparent to the public, accessible on B Corporate's website 	<ul style="list-style-type: none"> Governance Workers Community Environment Customers 	
<p>Life cycle assessment (LCA)</p> 	<ul style="list-style-type: none"> Cradle-to-grace analysis technique to assess and quantify environmental impacts throughout all the stages of a product's life 20 different LCA impact categories, including energy, carbon, water, toxicity, eutrophication, acidification, metal depletion and more can be done for for materials, products, buildings, services and supply chains. 	<ul style="list-style-type: none"> Raw material extraction Manufacturing & processing Transportation Usage & retail Waste disposal 	

Appendix 1: Resources for UNSDG mapping

CATEGORY	DIGITAL TOOLS	PURPOSE / USE CASE	USEFUL LINK
UNSDG mapping	SDG Action Manager 	<ul style="list-style-type: none"> To identify risk areas under each SDG and how to create positive impact across operations, supply chain and business model Brings together B Lab's B Impact Assessment, the Ten Principles of the UN Global Compact, and the Sustainable Development Goals 	https://www.unglobalcompact.org/take-action/sdg-action-manager
	SDG Compass 	<ul style="list-style-type: none"> Developed by GRI, the UN Global Compact and the World Business Council for Sustainable Development (WBCSD) Provides guidance for companies on how they can align their strategies, measure and manage their contribution to achieving SDGs Most relevant for large multinational enterprises Designed for use at entity level, but may be applied at product, site, divisional or regional level as required. 	https://sdgcompass.org/

Appendix 1: Resources for B Corp certification

CATEGORY	DIGITAL TOOLS	PURPOSE / USE CASE	USEFUL LINK
B Corp certification	<p>B impact assessment</p> 	<ul style="list-style-type: none"> Go through a series of questions to help users understand what it takes to build a better business - better for your workers, community, and the environment 	https://bimpactassessment.net/
	<p>B Corp Certification for Startups: The Complete Guide - by Cultivating Capital</p>	<ul style="list-style-type: none"> Understand the benefits of a B Corp certification for a startup Overcome objection to registering as a B Corp What it means as a pending B Corp 	https://www.cultivatingcapital.com/b-corp-certification-startups/
	<p>Why more brands are seeking out B Corp certifications - by Vogue Business</p>	<ul style="list-style-type: none"> COVID-19 pushes more fashion brands to consider B Corp status indicating the growing importance in sustainability and impact certification B Corp is a one-stop shop in an increasingly complex and crowded sustainability coalition and certification landscape Certifying as a B Corp is more than a marketing tool but a commitment to continuous improvement 	https://www.voguebusiness.com/sustainability/why-more-brands-are-seeking-out-b-corp-certifications

Appendix 1: Resources for lifecycle assessment (LCA)

CATEGORY	DIGITAL TOOLS	PURPOSE / USE CASE	USEFUL LINK
Lifecycle assessment (LCA)	<p>Ecochain</p> 	<ul style="list-style-type: none"> Environmental Intelligence Platform. It is focused on company-wide footprints 	www.ecochain.com
	<p>SimaPro</p> 	<ul style="list-style-type: none"> A complex application with many optional add-ons Enables its users to dive deep into the LCA calculations of a product. 	http://simapro.com/
	<p>GaBi</p> 	<ul style="list-style-type: none"> A technical solution with many potential add-ons for product development. Used especially by consultants, but also in-house. 	www.gabi-software.com
	<p>OneClick LCA</p> 	<ul style="list-style-type: none"> Designed for construction sector only, offers many functionalities specifically needed for the construction sector. 	https://www.oneclicklca.com/
	<p>OpenLCA</p> 	<ul style="list-style-type: none"> An open-source and free-of-charge LCA solution, with a less appealing use interface 	http://www.openlca.org/

Appendix 2: Impact assessment tools for corporates

GLOBAL STANDARDS / CERTIFICATION	DESCRIPTION	ASSESSMENT CATEGORIES	PARTICIPATING COMPANIES
<p>Cradle to Cradle (Cradle to Cradle Certified™)</p> 	<ul style="list-style-type: none"> Globally recognized measure of safer, more sustainable products made for the circular economy Assessing products for their environmental and social performance across five critical sustainability categories Awards submitted products with a tier system Encourages continuous improvement by requiring certification renewal every two years 	<ul style="list-style-type: none"> Material Health Material Reutilization Renewable Energy & Carbon Management Water Stewardship Social Fairness 	    
<p>BSR (Business for Social Responsibility) (The Healthy Business Metrics Framework)</p> 	<ul style="list-style-type: none"> Non-profit organization working to develop sustainable business strategies Framework provides metrics and targets (or KPIs) to enable companies to monitor their progress toward satisfying a Healthy Business Vision. Enabling companies to better understand their issues and impacts, inform their stakeholders, and create impact at scale 	<ul style="list-style-type: none"> Workforce and Operations Products and Services Community Engagement Policy and Advocacy 	  
<p>Natural Step (ABCD) Method</p> 	<ul style="list-style-type: none"> A repeated framework for strategic sustainable development Backcasting approach Analysis of current state Results in development of successful sustainability strategic plans 	<ul style="list-style-type: none"> A = Awareness and Visioning B = Baseline Mapping C = Creative Solutions D = Decide on Priorities 	   

Appendix 2: Impact assessment tools for corporates

IMPACT MEASUREMENT	DESCRIPTION	ASSESSMENT CRITERIA	PARTICIPATING COMPANIES
<p>GRI Standards</p> 	<ul style="list-style-type: none"> A reporting system for organization to focus on its impacts, and how it contributes towards sustainable development Provides an inclusive picture of an organization's material topics, their related impacts, and how they are managed 	<ul style="list-style-type: none"> GRI 101: Foundation GRI 102: General Disclosure GRI 103: Management Approach GRI 200: Economic GRI 300: Environmental GRI 400: Social 	
<p>LEED (Leadership in Energy and Environmental Design)</p> 	<ul style="list-style-type: none"> Administered by U.S. Green Building Council (USGBC) LEED (Leadership in Energy and Environmental Design) is the most widely used green building rating system Helpful for measuring impact on physical retail or other physical facilities, including: <ul style="list-style-type: none"> Building design and construction Interior design and construction Building operations and maintenance Neighborhood development 	<ul style="list-style-type: none"> Assesses performance across 5 areas: energy efficiency, water usage, waste, human experience, transportation 	
<p>Task Force on Climate-related Financial Disclosures (TCFD)</p> 	<ul style="list-style-type: none"> A framework to help public companies and other organizations more effectively disclose climate-related risks and opportunities through their existing reporting processes Enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks. 	<ul style="list-style-type: none"> Governance Strategy Risk Management Metrics and targets 	

Appendix 2: Impact assessment tool for apparel brands and manufacturers

GLOBAL STANDARDS / CERTIFICATION	DESCRIPTION	ASSESSMENT CATEGORIES	PARTICIPATING COMPANIES
<p>HIGG Index (Product tools, Facility tools, Brand & retail tool)</p>  	<ul style="list-style-type: none"> • Developed by the Sustainable Apparel Coalition • Higg Index consists of three sets of tools that together span across the supply chain, including Higg Facility Tools, Higg Brand & Retail Tools and Higg Product Tools • Enables brands, retailers, and facilities of all sizes to measure a company or product's sustainability performance 	<ul style="list-style-type: none"> • Product Lifecycle Stages • Environmental Impacts • Social Impacts 	       

Appendix 2: Impact assessment tool for food/agriculture companies

GLOBAL STANDARDS / CERTIFICATION	DESCRIPTION	ASSESSMENT CATEGORIES	PARTICIPATING COMPANIES
<p>Fair Trade</p> 	<ul style="list-style-type: none"> • Supports and represents producers, build markets and implement sustainability projects • Advice brands to establish commitment to trade through better prices, decent working conditions and a fairer deal for farmers and workers in developing countries. • A product with the FAIRTRADE Mark means the producers and businesses have met the stringent Fairtrade social, economic and environmental standards 	<ul style="list-style-type: none"> • Fairtrade Minimum Price • Environmental Impacts • Social Impacts 	   
<p>Rainforest Alliance</p> 	<ul style="list-style-type: none"> • an alliance of farmers, forest communities, companies, and consumers committed to creating a world where people and nature thrive in harmony • Certifies agriculture products which encompass sustainability on farm, forest or tourism • Provides a seal to indicate products that were grown on sustainable farms 	<ul style="list-style-type: none"> • Conserve Forests • Human Rights of Rural People • Livelihoods of farmers and forest communities • Build Climate Resilience 	   
<p>Animal Welfare Approved</p> 	<ul style="list-style-type: none"> • A certification program for label that guarantees animals are raised outdoors on pasture or range for their entire lives on an independent farm using truly sustainable, high-welfare farming practices • The only label in the U.S. to require audited, high-welfare production, transport and slaughter practices 	<ul style="list-style-type: none"> • Farm Animal Welfare • Outdoor Access • Sustainability 	   

Appendix 2: Impact assessment tool for food/agriculture companies

GLOBAL STANDARDS / CERTIFICATION	DESCRIPTION	ASSESSMENT CATEGORIES	PARTICIPATING COMPANIES
<p>IFOAM Organics</p> 	<ul style="list-style-type: none"> • Facilitate the transition of farmers to organic agriculture, raise awareness of the need for sustainable production and consumption • Advocate for a policy environment conducive to agro-ecological farming practices and sustainable development • Forms member community in over 100 countries 	<ul style="list-style-type: none"> • Organic Agriculture • Organic Operations • Sustainable Agriculture Operations 	  

Appendix 2: Impact assessment tools for investors

IMPACT MEASUREMENT	DESCRIPTION	ASSESSMENT CRITERIA	PARTICIPATING COMPANIES
<p>Impact Multiple of Money (IMM)</p>	<ul style="list-style-type: none"> Analysed academic research on social and environmental interventions Estimates (before any money is committed) the financial value of the social or environmental good likely to result from each dollar invested Only a guidance - Numerous assumptions are involved 	<ul style="list-style-type: none"> Assess Relevance and Scale Identify evidence-based outcomes Estimate the economic value of those outcomes to society Adjust for risks Estimate Terminal Value Calculate return on every dollar 	
<p>IRIS+</p> 	<ul style="list-style-type: none"> An investment measurement tool launched by The Global Impact Investing Network (GIIN) Help investors to translate their impact intentions into impact results generate data for use from screening deals, to underwriting, to conducting due diligence, and assessing performance Used to compare performance between similar investment strategies, Impact Categories and Themes or Sustainable Development Goals (SDGs). 	<ul style="list-style-type: none"> Generally accepted Core Metrics Sets aligned to common Impact Themes and SDGs 	 

Appendix 2: Impact assessment tools for investors

IMPACT MEASUREMENT	DESCRIPTION	ASSESSMENT CRITERIA	PARTICIPATING COMPANIES
<p>Impact Management Project's Five Dimensions of Impact</p> 	<ul style="list-style-type: none"> IMP reached consensus that impact can be measured across five dimensions 	<ul style="list-style-type: none"> 5 Impact Dimensions: <ul style="list-style-type: none"> What Who How much Contribution Risk 	 
<p>GIIRS Fund Ratings</p> 	<ul style="list-style-type: none"> Include three parts: <ul style="list-style-type: none"> an Overall Impact Business Model Rating, reflected by a medal an Overall Operations Ratings, reflected in stars (5 as highest) a Fund Manager Assessment Impact business model rating and operations ratings are based on the weighted-average of the fund's portfolio companies' B Impact Assessment scores 	<p>Fund manager assessment:</p> <ul style="list-style-type: none"> Impact Targets: how the fund presents its impact thesis in the pre-investment stage Investment Criteria: How the fund integrates impact into its due diligence process Portfolio Management: How the fund manages for impact during the investment lifecycle, including topics on reporting, governance, accountability, and transparency 	  
<p>B Corporation for portfolio companies (B Corp Certification)</p> 	<ul style="list-style-type: none"> Certifies companies that find a good balance between social purpose and profit making Evaluates how a company's operations and business model impact their workers, community, environment, and customers. Reports are transparent to the public, accessible on B Corporate's website 	<ul style="list-style-type: none"> Governance Workers Community Environment Customers 	

Appendix 3: How investment firms are measuring impact performance

GLOBAL STANDARDS / CERTIFICATION	ASSESSMENT CRITERIA/ PROCEDURE	MEASUREMENT TOOLS	THRESHOLD / FOCUS	INVESTMENT OUTCOME
<p>TPG The Rise Fund</p> 	<ol style="list-style-type: none"> 1. Assess Relevance and Scale 2. Identify Target Social or Environmental outcomes 3. Estimate the economic value of those outcomes to Society 4. Adjust for Risks 5. Estimate Terminal Value 6. Calculate Social return on every dollar 	<ul style="list-style-type: none"> • Impact Multiple of Money (IMM) 	<ul style="list-style-type: none"> • A minimum social return on investment of \$2.50 for every \$1 invested (2.5X) 	<ul style="list-style-type: none"> • \$1.5 billion estimated impact (as per 2019 impact report)
<p>Bain Capital</p> 	<ol style="list-style-type: none"> 1. Proactive Sourcing: commit dedicated resources to identify & target opportunities, develop focused thematic outreach, be impact partner of choice, provide cross-platform opportunities 2. Deep Diligence: combines social and environmental evaluation in commercial analysis 3. Active Ownership: provide partnership with Bain Capital, B Lab, community and management teams 	<ul style="list-style-type: none"> • B Impact Assessment • Impact Blueprint: metrics, forecast, initiatives 	<ul style="list-style-type: none"> • Targets in priority themes: Health & Wellness, Education & Workforce Development, Sustainability 	<ul style="list-style-type: none"> • 6 portfolio companies with a B Impact Score above 80 • 15% median increase in B Impact Score
<p>Acumen</p> 	<p>Guided by 8 Investment Principles</p> <ol style="list-style-type: none"> 1. Able to change systems to provide choice for people in poverty 2. Enable innovative solutions to solve poverty 3. Deploy capital in early-stage and high risk business models 4. Be accountable to impact objectives 5. Measure and actively manage impact 6. Prioritize impact and long-term financial sustainability 7. Build partnerships to catalyse systemic change 8. Accelerate scaling of solutions 	<ul style="list-style-type: none"> • Lean DataSM: social impact survey tools 	<ul style="list-style-type: none"> • Invests in early-stage companies tackling the problems of poverty • Prioritizes investment in four sectors: agriculture, education, clean energy and healthcare 	<ul style="list-style-type: none"> • \$128M cumulative invested • 307M lives impacted

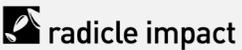
Appendix 3: How investment firms are measuring impact performance

GLOBAL STANDARDS / CERTIFICATION	ASSESSMENT CRITERIA/ PROCEDURE	MEASUREMENT TOOLS	THRESHOLD / FOCUS	INVESTMENT/ RETURNS
 <p>KKR Global Impact</p>	<ol style="list-style-type: none"> 1. Achieves Attractive Risk-Adjusted Returns 2. Contributes solutions to United Nations Sustainable Development Goals 3. Generates Impacts That Are Measurable 4. Seeks to Improve ESG Performance During KKR Ownership 	<ul style="list-style-type: none"> • SDG Compass; or • IRIS+; or • Sustainability Accounting Standards Board (SASB) materiality analysis 	<ul style="list-style-type: none"> • Focus on adapting to climate change, supporting better agriculture, managing resource constraints, employees, investing in infrastructure, and treating and preventing disease 	<p>As of 2018:</p> <ul style="list-style-type: none"> • Reviewed 230+ companies in ESG diligence group • \$5.2 billion invested in 30+ solutions-focused business since 2010
 <p>LeapFrog Investments</p>	<ol style="list-style-type: none"> 1. Screening: using FIIRM on key financial and impact considerations, including ESG and sustainability 2. Due diligence 3. Investment decision: integrates FIIRM results and Customer Insights 4. Investment management: portfolio review and management 5. Exit: ensure companies graduate to a suitable next owner, while protecting emerging consumers 	<ul style="list-style-type: none"> • FIIRM (Financial, Impact, Innovation and Risk Management) • benchmarked to global best practice standards such as GIIRS, IRIS+, and PRI (Principles for Responsible Investment) • Consumer Insights: feedback from customers in-store, by phone and online, research data 	<ul style="list-style-type: none"> • Invests in high-growth financial services and healthcare companies in emerging markets • Primarily in Africa and Asia 	<ul style="list-style-type: none"> • \$1.5B+ investment commitment to LeapFrog • Invested companies reach 205M people • 127K jobs and livelihoods supported

Appendix 4: Key impact investors – Impact grants & loans

IMPACT INVESTORS		FOCUS GEOGRAPHIES	Grants' Amount (USD)	AREA OF FOCUS	
	British Fashion Council	UK	~\$60K / recipient	New Material Circular Economy	Supply Chain
	A Common Thread	US	~\$36K / recipient	Circular Economy	Supply Chain
	Global Change Award	Global	Up to \$360K / recipient	New Material Circular Economy	Supply Chain
	Laudes Foundation	Global	Ranges from \$15K to \$12M / project	Circular Economy	Supply Chain
	Good Fashion Fund	Asia	N.A.		Supply Chain

Appendix 4: Key impact investors – Impact equity ventures

IMPACT INVESTORS	FOCUS GEOGRAPHIES	NUMBER OF PORTFOLIO COMAPNIES	AREA OF FOCUS
 Prelude Ventures	North America	47	Energy New Material Food & Agriculture
 Chrysalix Venture Capital	North America	26*	Energy Food & Agriculture
 Circularity Capital	Europe	5	Circular Economy
 Closed Loop Venture Fund	North America	18	Circular Economy
 Congruent Ventures	North America	32	Energy New Material Food & Agriculture
 Rubio Impact Ventures (formerly “Social Impact Ventures”)	Europe	16*	Circular Economy
 Emerald Technology Venture	Global	48*	Energy New Material Circular Economy
 Radicle Impact	North America	24	New Material Food & Agriculture

Source: official websites of the above mentioned names as of Nov 2020

*included exited companies; Note: this is a summary for reference; for details and updates, please refer to the official website of the tools/resources

Appendix 4: Key impact investors – Impact equity ventures

IMPACT INVESTORS	FOCUS GEOGRAPHIES	NUMBER OF PORTFOLIO COMAPNIES	AREA OF FOCUS
 DOEN Participaties	Europe	64	N.A.
 Ecosystem Integrity Fund	North America	22	Food & Agriculture Circular Economy
 Environmental Technology Fund	Europe	25	N.A.
 Generate Capital	North America	N.A.	Energy Food & Agriculture
 Gratitude Railroad	North America	18	Supply Chain New Material
 High-Tech Gründerfonds	Europe	595	New Material
 Sky Ocean Ventures	Global	20	New Material Circular Economy
 SHIFT Invest	Europe	20*	Energy Food & Agriculture Circular Economy

Source: official websites of the above mentioned names as of Nov 2020

*included exited companies; Note: this is a summary for reference; for details and updates, please refer to the official website of the tools/resources

Appendix 4: Key impact investors - Impact equity ventures

IMPACT INVESTORS		FOCUS GEOGRAPHIES	NUMBER OF PORTFOLIO COMAPNIES	AREA OF FOCUS	
	Alante Capital	Global	3	Supply Chain New Material	Circular Economy
	Future Tech Lab	North America	13	New Material	Circular Economy
	Sagana Capital (formerly "Challenger 88")	Europe	11	Supply Chain Education	Healthcare Circular Economy

Appendix 4: Key impact investors – Impact growth & private equity

IMPACT INVESTORS		FOCUS GEOGRAPHIES	NUMBER OF PORTFOLIO COMAPNIES	AREA OF FOCUS
	Aavishkaar Capital	Asia	57*	<div style="display: flex; justify-content: space-around;"> <div style="background-color: yellow; padding: 2px;">Energy</div> <div style="background-color: red; padding: 2px;">Healthcare</div> </div> <div style="background-color: pink; padding: 2px; margin-top: 2px;">New Material</div>
	Bain Capital Double Impact	Global	10	<div style="display: flex; justify-content: space-around;"> <div style="background-color: lightblue; padding: 2px;">Education</div> <div style="background-color: red; padding: 2px;">Healthcare</div> </div>
	BOV Capital	Asia	9*	<div style="background-color: yellow; padding: 2px; display: inline-block;">Supply Chain</div>
	Capricorn Sustainable Chemistry Fund & Cleantech Fund	Europe	11	N.A.
	Quadia	Europe	35	<div style="display: flex; justify-content: space-around;"> <div style="background-color: yellow; padding: 2px;">Energy</div> <div style="background-color: purple; padding: 2px;">Circular Economy</div> </div> <div style="background-color: lightgreen; padding: 2px; margin-top: 2px;">Food & Agriculture</div>
	Treis Group	Europe	12*	<div style="display: flex; justify-content: space-around;"> <div style="background-color: yellow; padding: 2px;">Energy</div> <div style="background-color: lightgreen; padding: 2px;">Food & Agriculture</div> </div> <div style="background-color: pink; padding: 2px; margin-top: 2px;">New Material</div>



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