



Ratings Primer for Mission Investments

The following is a brief overview of organizations that either rate (provides a score or symbol) or evaluate and report on an investment's social or environmental return. Hyperlinks to websites are included. The following is meant to reflect the types of organizations (among many) that assess the ancillary returns of mission investments.

For Corporations:

B-Lab, is a non-profit organization dedicated to building the infrastructure to accelerate the development of social capital markets by promoting and certifying B Corporations -- high-impact companies that create benefit for all stakeholders, not just shareholders. To certify companies, B Lab developed the B Ratings System – a transparent, comparable and publicly available assessment tool of a company's social and environmental performance. The B Survey is web-based and designed to be comprehensive yet simple enough for *small and medium sized businesses*. Every company that takes the survey receives a B Report – a report that summarizes the performance on the B Ratings System. In addition to individual companies, the B Ratings system is being utilized by investors, membership associations, consumer guides, and consultants to evaluate companies' social and environmental performance.

Low-profit Limited Liability Company (L3C), a form of a Limited Liability Company (LLC), L3C is a for-profit entity legally structured to engage in socially beneficial activities. The structure allows companies to qualify for Program Related Investments (PRIs) as the legislation was written to dovetail with the federal IRS regulations relevant to PRIs. The L3C was first adopted in Vermont in April 2008 and has since been adopted in Michigan, Utah, Wyoming, and in consideration in several other states as well as at the federal level. Robert Lang, CEO of the Mary Elizabeth and Gordon B. Mannweiler Foundation, who created the L3C, calls the L3C “the for profit with a non profit soul.”

KLD Research & Analytics is designed for investors and money managers who integrate environmental, social and governance factors into their investment process. They maintain SOCRATES, which is a comprehensive web-based research database that measures the social and environmental performances of public corporations.

Innovest Strategic Value Advisors (acquired in 2009 by Risk Metrics), an investment research firm that analyzes “non-traditional” drivers of risk and shareholder value. Innovest rates more than 2,000 publicly-traded companies from the world's major stock exchanges and provides company profiles evaluating corporate performance in four areas: Environment, Strategic Governance, Stakeholder Capital and Human Capital.

Trucost is an environmental research organization that helps both public and private companies and investors measure and reduce their environmental impact. Trucost's Carbon Footprint Analysis, among other features, calculates the carbon performance (expressed in financial terms) of each company in an investor's portfolio and compares the fund's carbon costs relative to its benchmark.

For Deposits, Loans, Community Development Investments:

Calvert's Social Return Calculator measures the social return of investments. This is a tool used to approximate an investment's impact based on previous years' social return from loans made by Calvert Foundation to organizations in the same region or impact area. The investor receives a personalized "Community Impact Statement" based on targets established for each investment that detail the social returns created.

CDFI Assessment and Rating System (CARSTM) rates Community Development Financial Institutions (CDFIs) in the areas of Impact Performance and Financial Strength and Performance. The Impact Performance rating is an assessment of the CDFI's effective use of its financial resources to achieve its stated mission. It includes the CDFI's own evidence and data of how its activities contribute to its mission. CARSTM subscribers receive the Impact Performance rating (on a scale of AAA, AA, A, B), the Financial Strength and Performance rating (on a scale of 1 to 5). The Financial Strength and Performance Rating uses a CAMEL (Capital, Assets, Management, Earnings, Liquidity) analysis of the CDFI to assess the CDFI's overall creditworthiness.

The Community Development Financial Institutions (CDFI) Fund has developed a Community Investment Impact System (CIIS) is a web-based system that allows for the collection of institution and transaction level data from CDFIs and New Markets Tax Credit (NMTC) Program allocatees.

The National Community Investment Fund (NCIF) Social Performance Metrics Database tool allows an investor to search all domestic banks and thrifts according to an institution's organizational, financial and social performance data. The tool helps an investor in the investment decision-making process identify banks that have a high proportion of their home lending to low to moderate income communities (Development Lending Intensity) and institutions that are targeting a significant portion of their branches to these areas (Development Deposit Intensity). The NCIF Social Performance Metrics database tool allows you to search all domestic banks and thrifts according to an institution's organizational, financial and social performance data.

For Venture Capital:

Pacific Community Ventures, Social Return on Investment Analysis (SROI), performs an analysis on social returns as driven by the investor. Metrics that are measured include: overall job creation, job quality (e.g. wages, benefits, wealth-building), diversity, green benefits and flows of capital to underserved markets.

[*SJF Ventures*](#) invests in sustainable companies and their advisory services arm produces an annual positive impacts report for the organization. Statistics include jobs created for low to moderate income individuals and environmentally friendly products such as recycling, photovoltaic systems, waste reduction and reduced energy loss systems.

For Real Estate:

Leadership in Energy and Environmental Design (LEED) is a recognized green building certification system that provides third-party verification that a building was designed and built using a series of metrics: energy savings, water efficiency, CO₂ emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts. The LEED process awards certification levels ranging from silver, gold, to platinum for a variety of building types. The recent LEED-ND standards (in the pilot phase right now) include a variety of social criteria in their rankings. LEED was developed by the [*U.S. Green Building Council \(USGBC\)*](#).

[*Green Globes*](#) provides an online assessment protocol, rating system and guidance for green building design, operation and management. It provides market recognition of a building's environmental attributes through third-party verification. The Green Globes system is used in Canada and the USA. In the USA, Green Globes is owned and operated by the Green Building Initiative (GBI).

[*Enterprise Green Communities*](#) has created a green criteria that contains information that addresses aspects such as: Integrated Design, Location and Neighborhood Fabric, Site Improvements, Water Conservation, Energy Efficiency, Materials Beneficial to the Environment, Healthy Living Environment, Operations and Maintenance. The Green Communities criteria are aligned with the LEED Green Building Rating System. The US Green Building Council, through LEED, supports the Green Communities initiative. In addition, the Green Communities criteria reflect and are compatible with leading state and local green building programs.