



2019 IMPACT REPORT

Connecting Capital and Communities



Calvert
Impact Capital®

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 @JennPryce

 in/jennifer-pryce

 forbes.com/sites/jenniferpryce

As Calvert Impact Capital nears our 25th anniversary next year, we continue to work towards the vision we laid out more than two decades ago: to use private capital in innovative and collaborative ways to create an equitable and sustainable world. This report, “Connecting Capital and Communities,” details the growth of our work over time and the key milestones we met over the last year. We’ve made significant progress, but we are still far from realizing our ultimate goal of inclusive and sustainable capital markets.

One measure of our progress—the 2030 UN Sustainable Development Goals—magnifies the scale of the resources required to adequately respond to these shared global challenges, as well as the speed at which we need to move to address them.

During a time when we need to move with urgency, Leonardo da Vinci’s words resonate: “I have been impressed with the urgency of doing. Knowing is not enough; we must apply. Being willing is not enough; we must do.”

The resources you devote through your investment in the Community Investment Note[®] and the capital mobilized through our Syndication services reach organizations that are working to address inequality and create opportunity. Your capital helps fill the gap left by traditional finance. Through these investments—which channel capital to entrepreneurs of color, provide clean and affordable energy to low-income customers, finance essential services like healthcare and affordable housing, and support sustainable farms—we can bend the arc of the capital markets towards a sustainable, inclusive future. This is the next frontier of investing and the key to meeting the 2030 Sustainable Development Goals.

I am proud to share all that we have achieved together over the last year, and decades prior, in the pages that follow. And I’m excited to bring to you more detail on who we are at Calvert Impact Capital with a new section that showcases our staff, the team that works day-in and day-out to steward your investments with integrity.

Thank you for your leadership in investing for impact and for being an active participant in working towards a sustainable world for all.

Jenn Pryce
President and CEO

We connect capital and communities to improve outcomes for both people and planet.

Our impact does not begin and end with the loans and investments we make; we assess the impact we have on the market as a whole, on our individual and institutional investors and co-lenders, and on our borrowers and the communities in which they work. We measure and manage our impact in three different ways.

INVESTOR IMPACT

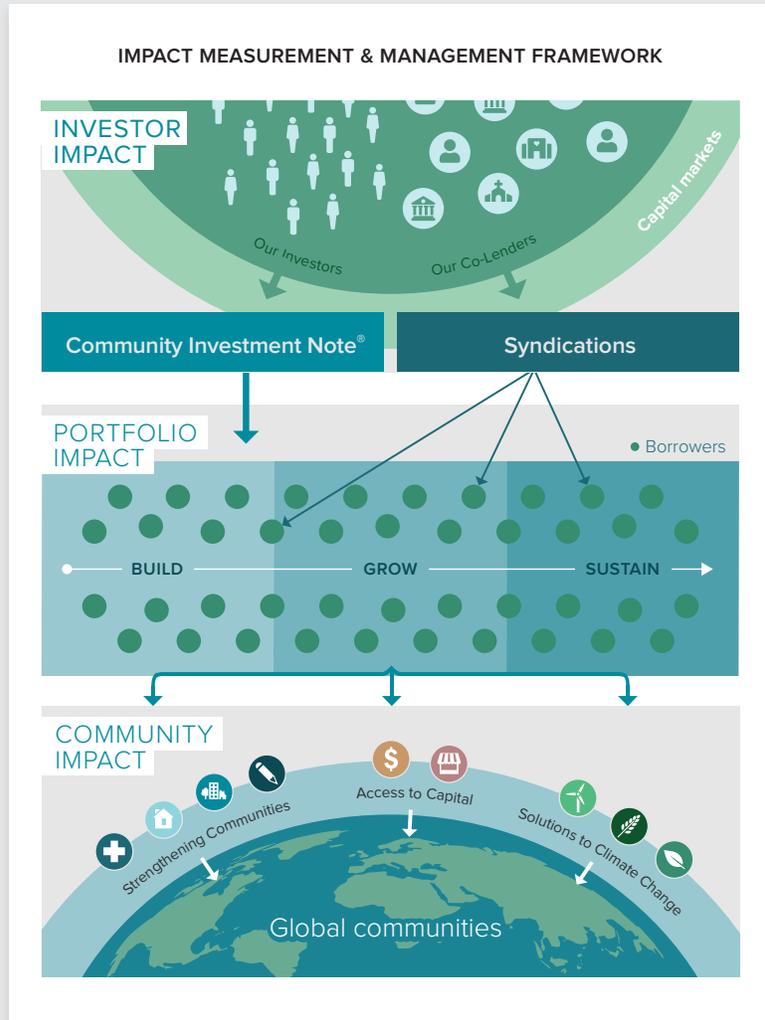
The impact we have on our individual and institutional investor community

PORTFOLIO 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 loans on communities and the planet, and managing our investment process in order to maximize positive impact and minimize the negative. To achieve these goals, we embed our impact measurement and management tools within each step of the process—from due diligence to annual reporting.

For more information on our framework and report methodology, please see [Our Impact Practice](#) on page 34 or visit <https://calvertimpactcapital.org/impact/measurement>.

INVESTOR IMPACT

We raise capital from a diverse group of investors—some invest \$20 and others invest more than \$20 million.



For more on our Note investors and Syndication co-lenders, see the **Investor Impact** section starting on page 6.



The New Hampshire Community Loan Fund helps people like Richie obtain affordable housing, quality jobs, and child care, and helps them become financially independent.

PORTFOLIO IMPACT

In 2018, our portfolio grew by nearly 13%, with 115 loans and investments in 100 borrowers.



For more on how our loans and investments are developing reliable, sustainable financial infrastructure in communities across the globe, see the **Portfolio Impact** section starting on page 10.



Small businesses, like GroFin client El Nour, can play a crucial role in ensuring that developing countries like Egypt implement more robust recycling systems.

COMMUNITY IMPACT

Our borrowers 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.



Discover Books, a borrower of Greenline Ventures, diverts books from landfills, helps fund library sustainability, and provides solutions to the global problem of illiteracy.



For more on our impact in communities and on the environment, see the **Community Impact** section starting on page 16.

Our Contribution to the Global Sustainable Development Goals

Our work directly contributes to filling the funding gap for 16 out of the 17 global Sustainable Development Goals.



Visit calvertimpactcapital.org/portfolio/sdgs for more information.

Our Key Industry Accomplishments

In 2018–2019 we...

...became an initial Signatory to the Operating Principles for Impact Management;



...were named a top impact investor in blended finance deals;



...were selected to lead the private debt strategy for the Equality Fund collaborative, which aims to provide transformative funding for gender equity;



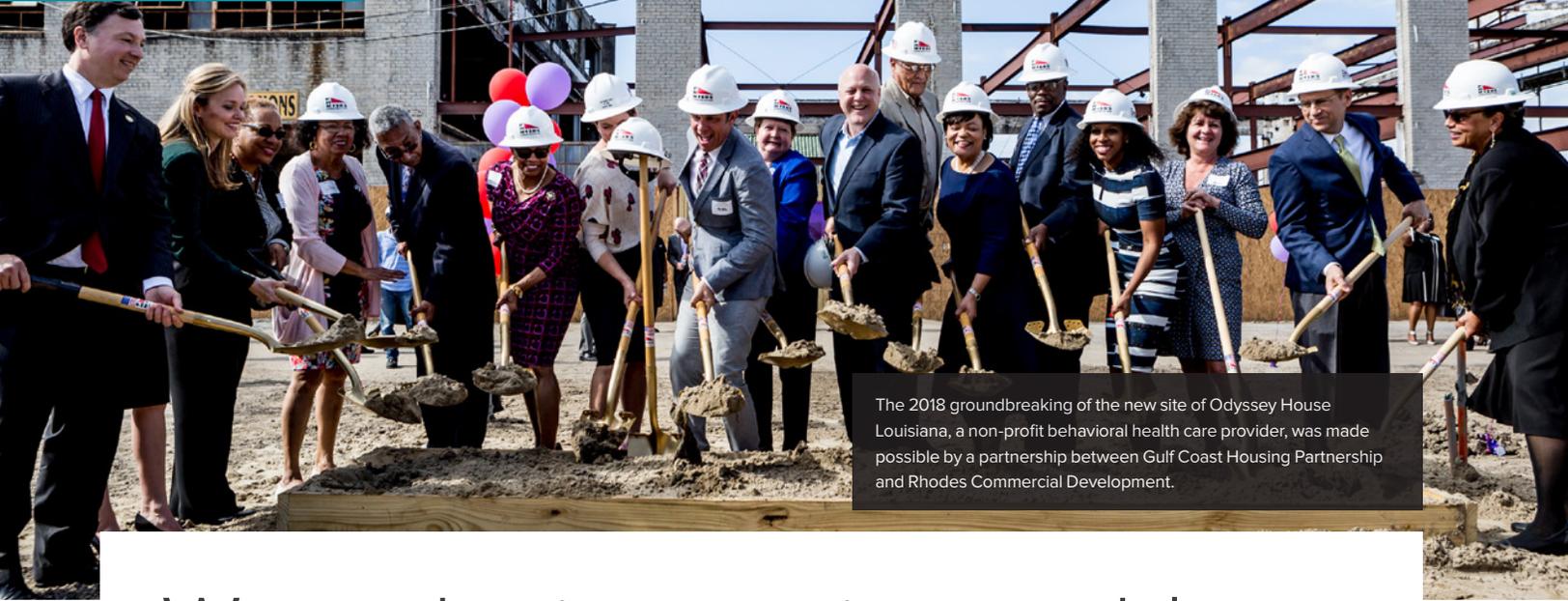
...published our gender report, analyzing the relationship between gender diversity and financial performance within our portfolio and providing guidance for investors on how to adopt a gender lens.



For more information on how we invest with a gender lens, see the [Gender Equity](#) section on page 28.



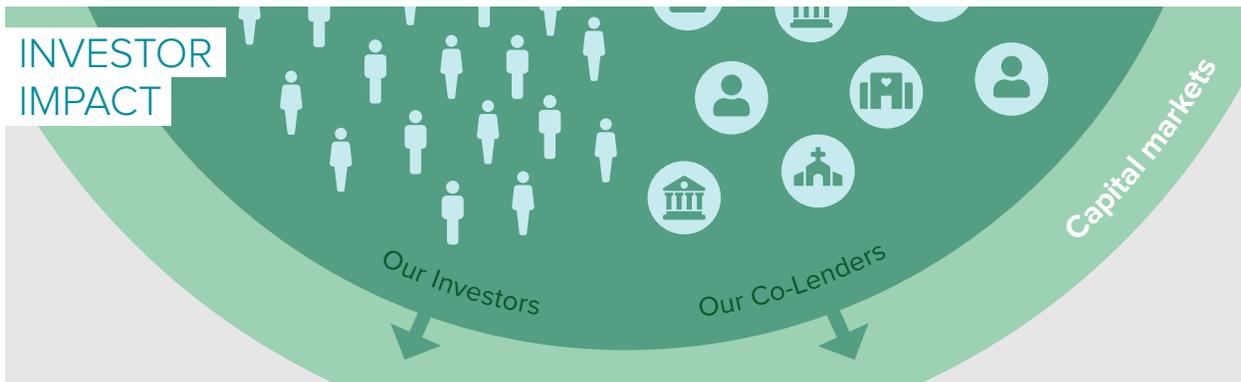
The New Hampshire Community Loan Fund provided the Sandwich Children's Center with a loan to finance necessary building repairs.



The 2018 groundbreaking of the new site of Odyssey House Louisiana, a non-profit behavioral health care provider, was made possible by a partnership between Gulf Coast Housing Partnership and Rhodes Commercial Development.

We make impact investable.

We offer two main ways to engage with us: investing through our Community Investment Note® (the Note) and co-lending through our Syndication services.



COMMUNITY INVESTMENT NOTE®

- ✔ 24-year track record of 100% repayment of principal and interest to over 18,000 investors
- ✔ Terms from 1-15 years, rates from 1.5-4.0%
- ✔ Widely available online and in brokerage accounts
- ✔ Minimums: \$20 online, \$1,000 brokerage
- ✔ Exposure to our diverse portfolio
- ✔ Intentional, measurable social and/or environmental impact

SYNDICATION SERVICES

- ✔ One-stop solution for institutional and accredited co-lenders
- ✔ A diverse range of risk/return profiles, geographies, and sectors
- ✔ Competitive financial returns
- ✔ Efficient for co-lenders and borrowers
- ✔ Direct exposure to discrete deals
- ✔ Intentional, measurable social and/or environmental impact

The Community Investment Note®

The Note is the main way we engage investors across the US, ranging from the retail investor making their first impact investment to the institution who wants a mission-aligned product, as well as the financial advisors who advise them.

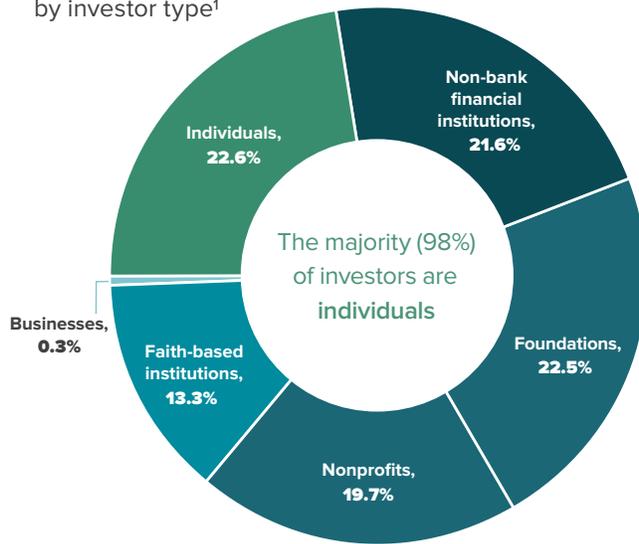
“I love the fact that money from the Note actually goes to communities! I can have a fixed return over a timeframe I choose, and in doing so, I'm loaning money that I don't need today to organizations that actually need it now.”



Julia Sherbakov
Investor



Total dollars invested,
by investor type¹



Part of what drives this diverse investor base is the broad 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 in their portfolios alongside their traditional investments. This is rare among impact investing products, which are often characterized as alternatives, require extra paperwork to purchase, and can't be held within brokerage accounts. The Note is also available for purchase through our online investment platform (<https://invest.calvertimpactcapital.org>) 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.**



¹ Data as of Q2 2019.

Syndication Services

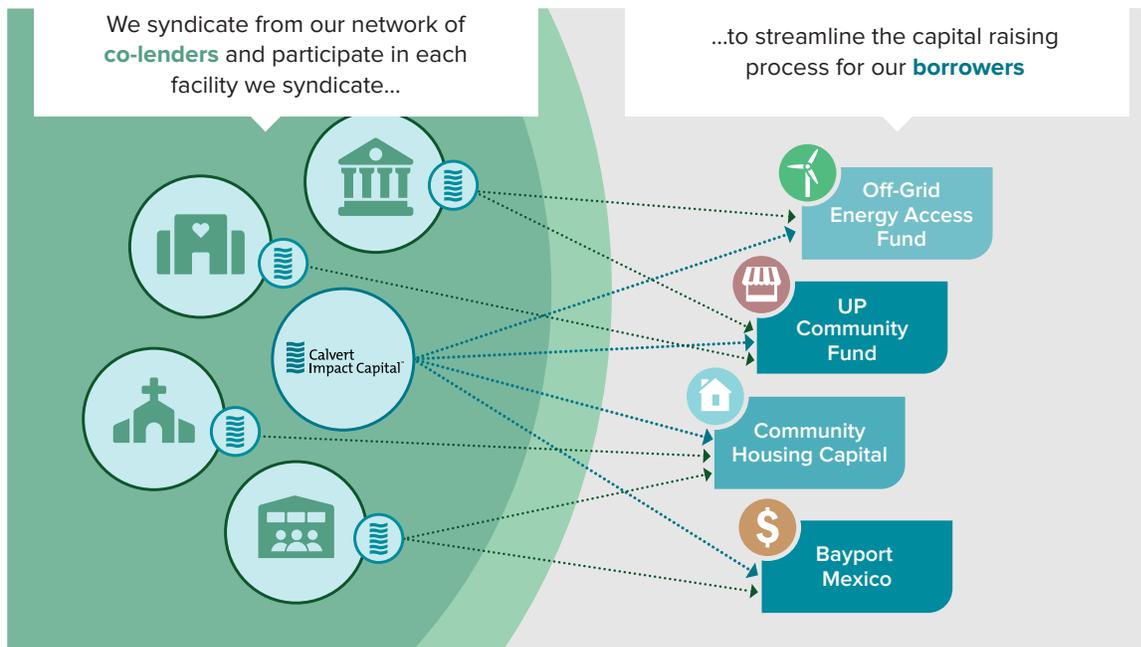
In 2017, we launched a new line of business in response to a growing gap in the market. On one hand, we saw an increased demand from institutional and accredited investors looking to lend to mission-driven organizations, but that lacked the capacity to source and structure transactions. At the same time, we witnessed our borrowers struggling to work with lenders 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 this service, we have achieved the following impacts:²



An affordable housing project funded by Community Housing Capital in Raleigh, NC.



HOW OUR SYNDICATION SERVICES WORK



² Data is cumulative as of August 2019.

CO-LENDER TESTIMONIAL

“Lending through Calvert Impact Capital’s syndications has allowed us to support high impact organizations through institutional-quality debt facilities that we would have otherwise not had the capacity to structure ourselves. Calvert Impact Capital brings deep expertise in structuring these facilities, as well as the scale and resources required to support transaction costs. And just as important from our perspective, Calvert Impact Capital is a values-aligned partner, which is reflected in how we collectively interact with borrowers.”



Aner Ben-Ami,
Founding Partner,
Candide

BORROWER TESTIMONIAL

“Working with Calvert Impact Capital has been great – they are a true partner. The team took the time to understand our business model, help us work through challenges and get to a successful closing. We look forward to a long term relationship with Calvert Impact Capital!”



David Sharp,
Managing Partner
of the UP Community Fund

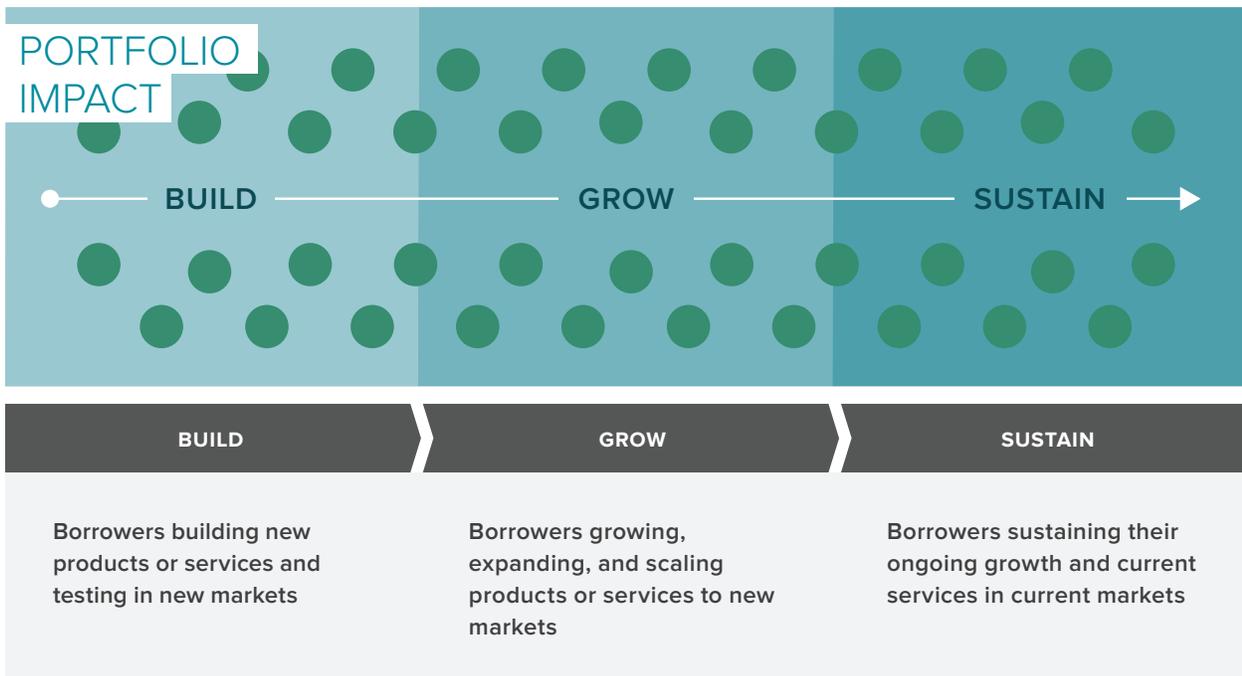
One Acre Fund finances and trains smallholders in East Africa to grow their way out of hunger and build lasting pathways to prosperity.



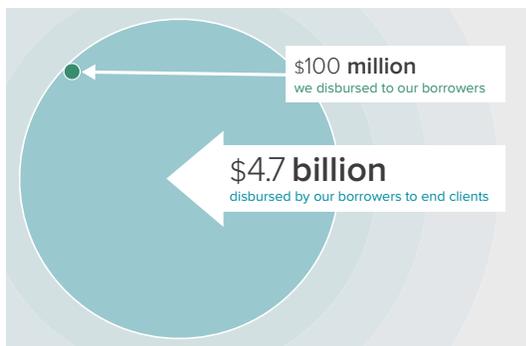
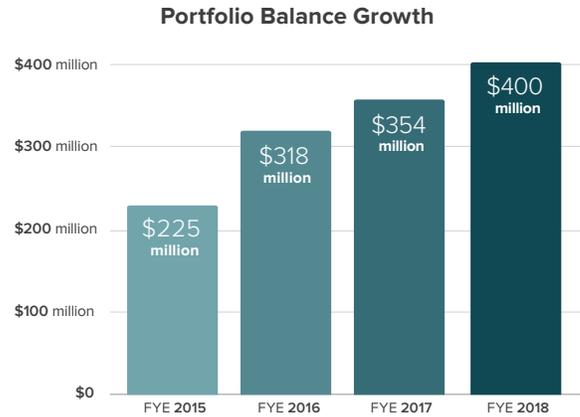
Through a loan from our borrower BlueOrchard Microfinance Fund, XacBank provides loans to small business owners like Tumenuzi, who sells traditional Mongolian instruments.

We strengthen our borrowers to help them connect capital and communities.

The customers they serve and the sectors and geographies in which they operate are often unfamiliar to traditional capital providers; as a result they can be perceived as “too risky,” making it difficult for capital to flow to the organizations creating social and environmental change.



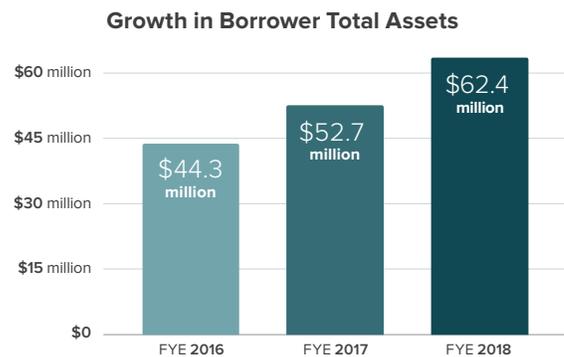
In 2018, our portfolio grew by nearly 13%. With the capital we raise through the Note program and Syndication services, our loans and investments provide financing for funds and intermediaries that have identified a local market need and have developed scalable solutions to address it. Our goal is to help our borrowers **build** and **grow** their operations and impact, and over time **sustain** a track record of performance, repayment, and positive returns. With this track record of success, our borrowers can prove their business models and attract more capital through increased access to the financial markets.



In 2018, we disbursed \$100.4 million in new and renewed loans and investments. Our 100 borrowers then leveraged our financing and that of others³ to make \$4.7 billion in loans to their clients—entrepreneurs, SMEs, community facilities, and affordable housing developments.

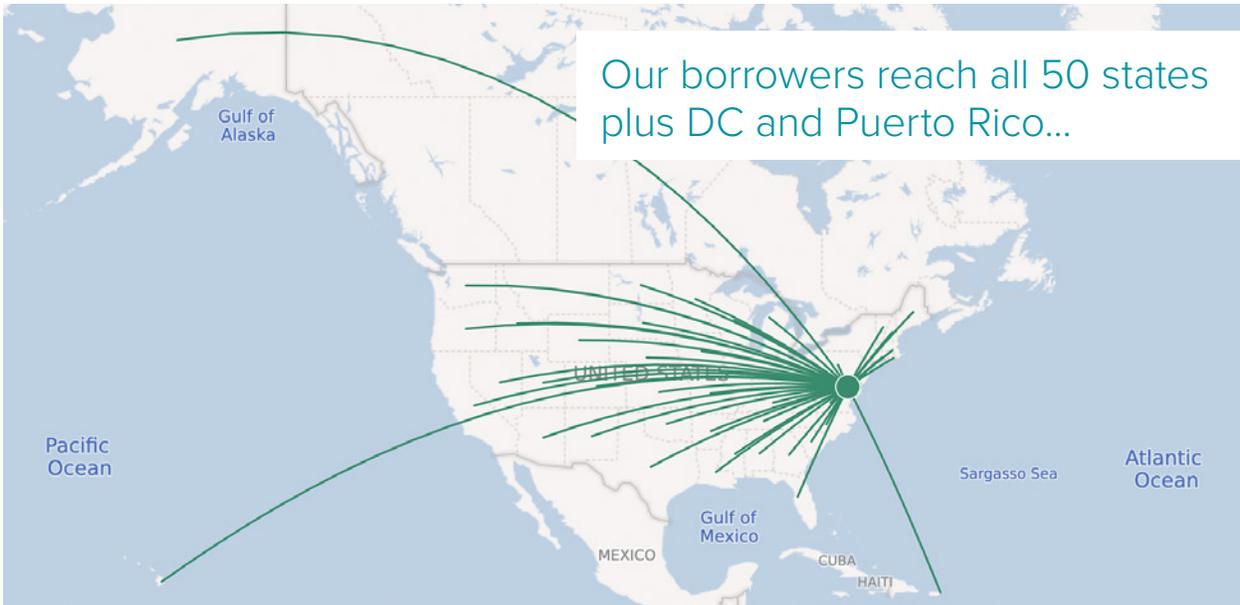
Our strategy of lending to funds and intermediaries creates the capacity to move capital at the scale required to meet the Sustainable Development Goals.

Our borrowers also continued to grow their own assets under management (AUM), a key indicator of an organization’s strength and performance. This continued growth serves as evidence that our strategy is working: **we are building the capacity for intermediaries to move capital into communities at scale.**



³ While our loans are a crucial portion of our borrowers’ financing, it is important to note that this impact was not financed solely by our capital. Borrowers used financing from other sources, in addition to our capital, to disburse capital to their clients.

Our portfolio and our borrowers have not only grown in capital deployed and assets managed, but also their capacity to move money for impact; their growth strengthens their ability to pave pathways for capital to reach more places and more people. In 2018, our borrowers reached **all 50 states** plus DC and Puerto Rico, as well as **108 countries**, and worked with over **72.8 million underlying clients and entrepreneurs**.



This map shows the flow of capital from Calvert Impact Capital in Bethesda, MD to end clients in 108 countries across the globe, demonstrating the broad geographic exposure we gain from our strategy of lending to intermediaries and funds.

Want to learn more about our borrowers?

Check out the next few pages or visit calvertimpactcapital.org/portfolio/list to view our entire portfolio list.

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 LOANS & INVESTMENTS

Borrowers we have helped BUILD their operations and impact include:



SunFunder

SunFunder is a solar finance fund manager based in Kenya working to unlock capital for solar energy in emerging markets, where over 2.5 billion people live without access to reliable energy.

▶ calvertimpactcapital.org/portfolio/list/solar-empowerment-fund-ii-llc



Eureka Recycling

Eureka Recycling is a non-profit recycling organization that serves the Twin Cities area in Minnesota. Eureka Recycling's programs help individuals, organizations, and communities understand the importance of using safe products, conserving natural resources, and building and supporting healthy families and communities.

▶ calvertimpactcapital.org/portfolio/list/the-neighborhood-recycling-corporation-inc-dba-eureka-recycling



Forest Resilience Bond

The Forest Resilience Bond (FRB), is a financing mechanism developed by Blue Forest Conservation in partnership with the World Resources Institute. The FRB raises private capital to fund the upfront costs of forest restoration—activities specifically designed to reduce the risk of severe fire, improve watershed health, and protect water resources.

▶ calvertimpactcapital.org/portfolio/list/forest-resilience-bond



We help borrowers **GROW** an existing product, service, or financing structure to expand to new customers and/or geographies.

VALUE OF OUR CAPITAL

- Grow and replicate previously proven business models
- Tailor flexible financial products to support growth
- Support funds that have demonstrated a readiness for private capital and are well-positioned for scale

SAMPLE LOANS & INVESTMENTS

Borrowers we have helped to GROW their operations and impact:



African Local Currency Bond Fund

The African Local Currency Bond Fund (ALCB Fund) provides anchor investment and technical assistance to first-time or innovative local currency bond issuances from financial institutions and companies operating in high impact sectors, including financial inclusion, housing, renewable energy, agriculture, health, and education.

▶ calvertimpactcapital.org/portfolio/list/african-local-currency-bond-fund



Greenline Ventures

Greenline Ventures provides loans to small businesses in the US that create quality jobs and wealth-building opportunities for low-income populations in under-invested communities. We have invested in and helped grow two of Greenline’s funds to-date.

▶ calvertimpactcapital.org/portfolio/list/greenline-leverage-loan-fund-ii



eco.business Fund

The eco.business Fund supports the promotion of sustainable businesses and consumption practices that contribute to biodiversity conservation, the sustainable use of natural resources, and climate change mitigation and adaptation to its impacts. The fund's current geographic scope is Latin America and the Caribbean.

▶ calvertimpactcapital.org/portfolio/list/eco-business-fund-sa-sicav-sif



We help borrowers **SUSTAIN** ongoing growth and current services in their communities.

VALUE OF OUR CAPITAL

- Reduce capital raising costs and complexities for partners
- Enable ability to respond to new opportunities within the market and efficiently deploy capital
- Fuel continued innovation within mature platforms

SAMPLE LOANS & INVESTMENTS

Borrowers we have helped to SUSTAIN their operations and impact in their communities:



Central City Concern

Central City Concern (CCC) is a 501(c)(3) nonprofit agency serving single adults and families in the Portland metro area who are impacted by homelessness, poverty, and addiction. CCC provides affordable housing options integrated with healthcare, recovery, and employment programs that lead to personal and community transformation.

▶ calvertimpactcapital.org/portfolio/list/central-city-concern



Community Housing Capital

Community Housing Capital (CHC) is certified as a community development financial institution (CDFI) that strives to build healthy, vibrant communities by creating innovative capital solutions that help individuals and families live, work, and thrive.

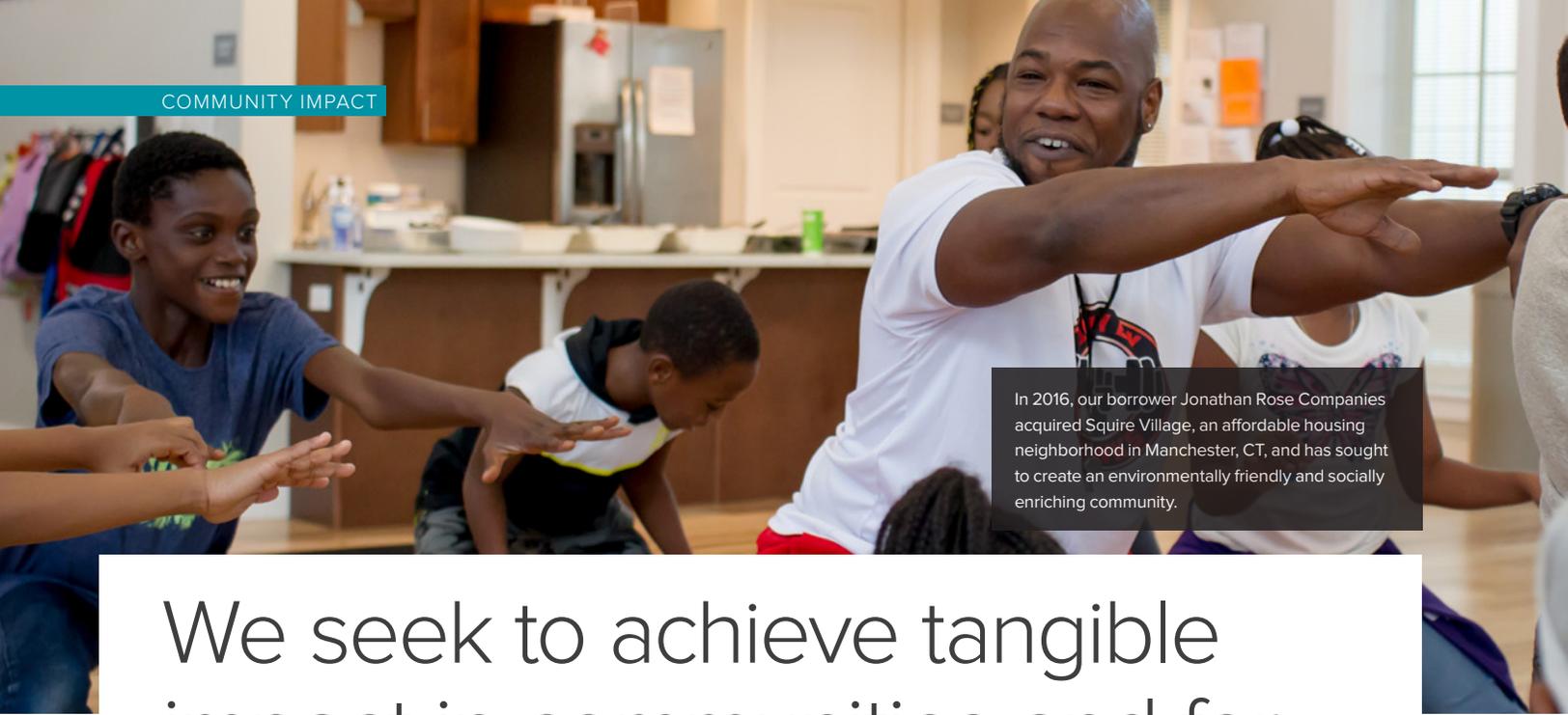
▶ calvertimpactcapital.org/portfolio/list/community-housing-capital



BRIDGE Housing

BRIDGE Housing's mission is to strengthen communities by developing, owning, and managing high-quality, affordable homes for working families and seniors. Since it was founded in 1983, BRIDGE has participated in the development of over 17,000 homes serving more than 40,000 people. BRIDGE believes that housing developments should go beyond bricks and mortar by serving as hubs for children, families, and seniors to connect to each other, to local resources, and to programs and services.

▶ calvertimpactcapital.org/portfolio/list/bridge-housing-corporation



In 2016, our borrower Jonathan Rose Companies acquired Squire Village, an affordable housing neighborhood in Manchester, CT, and has sought to create an environmentally friendly and socially enriching community.

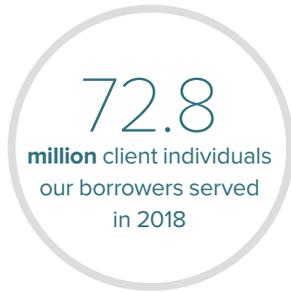
We seek to achieve tangible impact in communities and for our planet.

The borrowers in Calvert Impact Capital’s portfolio create diverse impacts across three main themes: **strengthening communities**, **increasing access to capital**, and **developing solutions** to address climate change.

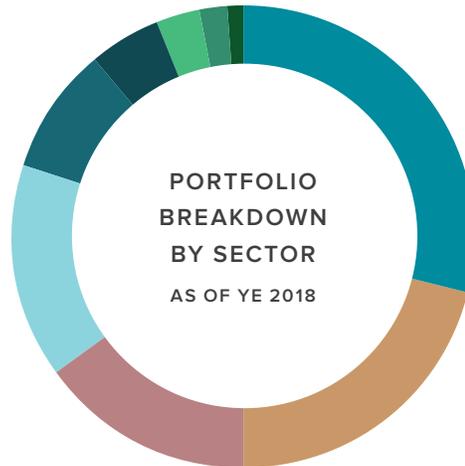


STRENGTHEN COMMUNITIES	ACCESS TO CAPITAL	SOLUTIONS TO CLIMATE CHANGE
<p>Exposure to better healthcare, affordable homes, and educational opportunity contributes to strong community development.</p> <ul style="list-style-type: none"> Affordable Housing Community Development Education Health 	<p>Filling gaps in financing for small businesses and entrepreneurs worldwide is crucial to inclusive economic growth.</p> <ul style="list-style-type: none"> Microfinance Small Business 	<p>Mitigating the risks of climate change using technology and sustainable methods can provide opportunity while building towards a zero-carbon future.</p> <ul style="list-style-type: none"> Environmental Sustainability Renewable Energy Sustainable Agriculture

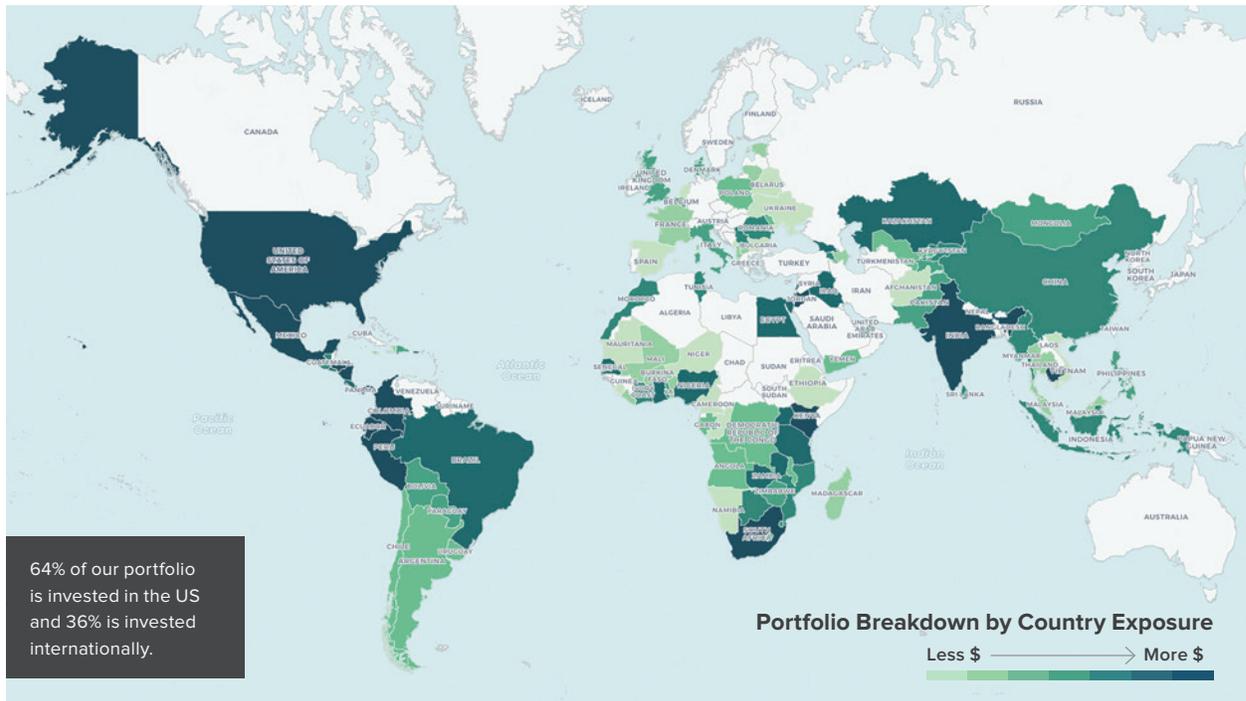
In 2018, we invested across nine impact sectors, contributing to diverse impact around the world.



Our borrowers work in 108 countries across 9 impact sectors.



- 28% **Community Development**
- 20% **Microfinance**
- 16% **Small Business**
- 16% **Affordable Housing**
- 8% **Health**
- 5% **Environmental Sustainability**
- 4% **Education**
- 2% **Renewable Energy**
- 1% **Sustainable Agriculture**



STRENGTHEN COMMUNITIES

ACCESS TO CAPITAL

SOLUTIONS TO CLIMATE CHANGE



Affordable Housing

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

61,076

homes created/preserved

100,874

number of people housed

10,407

clients received housing counseling

SDGs impacted:



Access to safe, stable housing is a critical determinant of an individual’s and a family’s health, happiness, and economic future. By providing flexible capital in support of affordable housing development and preservation, we help lenders and developers meet the housing needs of the low- and middle-income individuals and families in their communities.

In 2018, our capital helped create and/or preserve 61,076 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 Baltimore.

Our borrowers also provided housing counseling to 10,407 clients and worked with nearly 2,000 women-headed households, creating better informed and empowered homeowners across the US.



Community Asset Preservation Corporation (CAPC) redevelops previously foreclosed and vacant properties in order to provide safe and affordable homes to families such as Ariel's.



Kate Herzog is a creative entrepreneur who tirelessly works to promote and sell the wares of African artisans. Her business operates out of our borrower Artspace's building, in their Traffic Zone Center for Visual Art in Minneapolis.

STRENGTHEN COMMUNITIES

ACCESS TO CAPITAL

SOLUTIONS TO CLIMATE CHANGE



Community Development

We finance community development institutions so they can meet the needs of the communities they serve.

1,179

community facilities financed

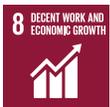
3 million

sq. ft. of community facilities supported

3.3 million

community members served across US

SDGs impacted:



By financing the development, redevelopment, and preservation of critical real estate facilities benefiting the community, we help communities build wealth and strength. Our capital enables communities to develop their own approach to serving local needs and revitalizing neighborhoods. As a result, the properties supported through our community development lending provide quality, affordable spaces for businesses, non-profits, education and athletic programs, and other community service organizations.

In 2018, we provided flexible financing to develop 1,179 community facilities that served over 3.3 million community members across the US. These facilities are worth \$852.3 million and span 3 million sq. ft. For context, that's enough space for approximately 71 average-sized grocery stores.



The Fresh Grocer, a borrower of BlueHub Capital, has helped eliminate food deserts and provide greater accessibility to fresh produce in low-income communities around the greater Boston area.



The development of the Wa She Shu Travel Plaza on Native American reservation land, made possible by our borrower Clearinghouse CDFI, produced a sustainable source of revenue and employment for this Nevada and California tribe.

STRENGTHEN COMMUNITIES

ACCESS TO CAPITAL

SOLUTIONS TO CLIMATE CHANGE



Education

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

3,512

schools financed

3,026,775

students enrolled

28,663

new student seats financed

SDGs impacted:



High quality education contributes to improved economic livelihoods and social growth of students and their families and is thus an essential component of any healthy community. By investing in organizations, projects, and funds that work to improve access to affordable, quality education for low-income students, we support the tremendous potential of the students in these communities.

In 2018, our capital helped finance 3,512 quality, affordable schools in the US and internationally that enrolled 3,026,775 children and individuals, which is roughly the same number of elementary school students enrolled in the entire California public school system. The schools that were in operation in 2018 employed 102,908 teachers and financed 28,663 new student seats.



Due in part to a loan from the New Hampshire Community Loan Fund, the Sandwich Children's Center now has a butterfly garden, caterpillar cafeteria, snowshoe trail, and rows of vegetable plants.

STRENGTHEN COMMUNITIES

ACCESS TO CAPITAL

SOLUTIONS TO CLIMATE CHANGE



Health

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

423

healthcare facilities financed

2,891,616

patients served

1,443,036

low-income patients served

1,223,869

women patients served

SDGs impacted:



We increase access to quality, affordable healthcare by investing in intermediaries that finance healthcare facilities and services globally. Our borrowers address market gaps in health services for low- and middle-income communities. In 2018, we helped to finance 423 healthcare facilities that served 2,891,616 unique patients in the US and around the world. These clinics not only provide affordable access to care, but also increase job opportunities for trained medical professionals, many of whom are women.



Urban Health Plan, financed by our borrower Capital Impact Partners, focuses on building a collaborative network of services to better serve the aging population by addressing their layered medical needs.



Medical Credit Fund supported pharmacist E.C. Paul to open the Joseph Jekor Pharmacy in Lagos in 2009.

STRENGTHEN COMMUNITIES

ACCESS TO CAPITAL

SOLUTIONS TO CLIMATE CHANGE



Microfinance

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

\$3,895

average loan size
disbursed

18,353,222

client individuals, active

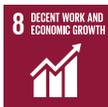
36,219,466

women clients served,
during 2018

69.5%

clients who are low-income,
poor, or extremely poor

SDGs impacted:



We believe that increased access to quality financial products and services will allow more individuals, regardless of income level or geography, to improve their lives, along with the lives of their families and communities.

Microfinance can increase financial inclusion in unique ways for people living in poverty. We invest in microfinance institutions and networks that produce innovative financial products and services, which can include credit, insurance, and savings products, as well as payment platforms and financial education.



Oikocredit borrower, Concreces, helped Moisés's father start a business selling locally produced straw hats on the international market.



With a loan of \$250 from our borrower ECLOF, Isidro Montas created a lemon and avocado farm, and now proudly supports his family through his thriving business.

STRENGTHEN COMMUNITIES

ACCESS TO CAPITAL

SOLUTIONS TO CLIMATE CHANGE



Small Business

We invest in small business as the engine of inclusive economic growth.

796,822

small and medium enterprises (SMEs)

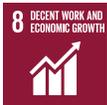
519,721

jobs created and/or retained

247,336

SMEs owned by women or entrepreneurs of color

SDGs impacted:



We believe that small and medium-sized enterprises are the foundation of inclusive global economic growth. Access to financial products and solutions that uniquely meet small business/SME needs will help to create economic opportunity, quality jobs, and community-driven development. SMEs currently face a wide financing gap; we support intermediaries that are developing products and services to fill this gap.

In 2018, our capital helped finance 796,822 SMEs and supported the creation or retention of 519,721 jobs worldwide.



Ahmad received a loan from the New Hampshire Community Loan Fund to buy bulk ingredients for his Middle-Eastern sweets store, Aissa Sweets.

STRENGTHEN COMMUNITIES

ACCESS TO CAPITAL

SOLUTIONS TO CLIMATE CHANGE



Environmental Sustainability

We invest in efforts to conserve the planet’s natural resources to address climate change and its adverse effect on communities.

93,925

tons of waste reduced

269,565

metric tons of CO₂ removed

6,809

green housing units financed, managed, or owned

534,711

hectares of land sustainably managed

SDGs impacted:



We know that climate change disproportionately affects lower-income populations and communities with less resilient infrastructure. We seek to demonstrate scalable strategies for private capital to build resilience and generate positive environmental benefits. As the market develops, we are focusing on solutions that support natural resource management and climate change adaptation and mitigation.

The recycling industry is one example of how private capital can finance sustainability. In 2018, our borrowers recycled 93,925 tons of waste, which equates to about 13,400 garbage trucks of waste being recycled instead of diverted to landfills. Reduction in landfill waste has a number of positive environmental benefits, including reduction in greenhouse gas (GHG) emissions (which waste emits). The waste diminished by our borrowers reduced approximately 269,565 metric tons of CO₂, which is about the amount of carbon sequestered by a small-sized US National Forest in one year.



With the support of the eco.business Fund, Banco Pichincha provided a loan to fund trainings on sustainable crop management for cocoa producers in Ecuador.

STRENGTHEN COMMUNITIES

ACCESS TO CAPITAL

SOLUTIONS TO CLIMATE CHANGE



Renewable Energy

We provide financing to expand renewable energy solutions around the world, while improving access to energy, air quality, and health.

4.9 mil tCO₂e

reduction in lifetime GHG emissions due to products sold or replaced

16.4 mil

Kwh of energy conserved over the lifetime of products replaced

65.7 mil

Kwh of clean energy generated due to products sold or installed

4 mil

end clients with improved energy access

SDGs impacted:



Increased availability and access to efficient and affordable clean energy creates opportunities for businesses and communities to grow in an environmentally sustainable way. Internationally, our strategy is focused on providing reliable access to energy, particularly for communities not connected to the grid. In the US, we work to meet the needs of intermediaries that are evolving to fill market gaps in the renewable energy sector.

In 2018, our capital helped reduce 4,909,062 metric tons CO₂ or CO₂ equivalent, over the lifetime of the energy products sold and replaced. That's like taking 1 million cars off the road for a full year. In addition, the 455,379 renewable energy products financed or sold by our borrowers will generate 65,711,210 kwh of clean energy, which is enough to power 8,103 homes for a year.



One Acre Fund distributes solar lights to bring renewable energy to clients' homes and provide a healthy alternative to kerosene lamps.

STRENGTHEN COMMUNITIES

ACCESS TO CAPITAL

SOLUTIONS TO CLIMATE CHANGE



Sustainable Agriculture

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

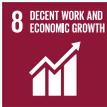
619,836

smallholder farmers supported

86,905

people gaining access to improved drinking water

SDGs impacted:



By connecting farmers with market opportunities and strengthening global food supply chain systems, we help to improve sustainable livelihoods for agricultural producers and contribute to greater global food security. Outside of fair trade, the sustainable agriculture sector remains nascent with few intermediaries with pure-play agriculture sector focus. As a result, we seek to support the growth and establishment of the sector's intermediary capacity.

Our borrowers supported 169 agricultural groups and 619,836 smallholder farmers across the globe. For context, that's roughly the equivalent of 30% of the number of small family farms in the US alone.



According to estimates by One Acre Fund, by 2020, the farmers that they serve will produce enough surplus food to feed another 5 million of their neighbors.



“Saving our planet, lifting people out of poverty, advancing economic growth... these are one and the same fight. We must connect the dots between climate change, water scarcity, energy shortages, global health, food scarcity, and women’s empowerment. Solutions to one problem must be solutions to all.”

–Ban Ki-moon, Eighth Secretary-General of the United Nations

Elena Francesca Imbacuàn Ponce is the founder of Asoserteñas, an association of 38 women who prepare food for children and provide cleaning services for the community of Atuntaqui in the Imbabura Province of northern Ecuador. They are a subclient of our borrower MCE Social Capital.



In 2018, the SANAD Entrepreneurship Academy and Mowgli Mentoring launched a mentoring program that supports enterprises run by female Syrian refugees in Jordan.

Spotlight on Gender Equity

There can be no discussion about achieving the SDGs without discussing gender. As Ban Ki-moon articulates on the prior page and as the UN itself has recognized, SDG 5, gender equality and women’s empowerment, is a “pre-condition” for achieving the other 16 SDGs. Why? Gender equity is not just good for women—it’s good for investment, good for business, and good for society. In short—it’s good for us all.

Gender Metrics Across Our Portfolio

In 2018, 94% of our borrowers from whom we collected impact data also reported on gender disaggregated metrics.

Women represent

60%
of the end clients of our borrowers and their investees

44%
of senior leadership of our borrowers' staff

53%
of our borrowers' staff on average

36%
of the Boards of Directors of our borrowers

Our **Borrowers** supported

38,066,065
women clients

161,583
women-owned businesses

Spotlight on Gender Equity in Renewable Energy

Investing with a gender lens has the potential for outsized impact, particularly in the renewable energy sector. Energy poverty disproportionately affects women and girls; **access to clean energy can improve women’s health by reducing indoor air pollution, and can enable more opportunities for education and entrepreneurship.**

By strengthening the gender-lens approach in this relatively young sector, we can ensure that as it grows, its dedication to gender inclusion grows with it.



120%
increase in clean energy products sold by businesses our borrowers finance, up from 2017



600,203
women with improved access to clean energy products



4.9 mil
greenhouse gas reduction due to products sold or replaced

Our Gender Report

Gender equity has long been a focus for Calvert Impact Capital, and in 2018, we began to focus externally on **how to get more investors to adopt a gender lens**.

Through a year-long series of meetings with investors around the world, we found two key issues holding back widespread action on gender-lens investing:⁴

- 1) The need for a stronger business case for incorporating gender into investment from a private market perspective; and
- 2) The confusion faced by investors on what incorporating a gender lens actually looks like in practice.



To address these challenges, we published “*Just Good Investing: Why gender matters to your portfolio and what you can do about it.*” The report includes a quantitative analysis of our portfolio over 11 years, examining the relationship between financial performance and gender diversity on boards and in senior leadership. The report also shares practice guidance and simple tools to help investors develop a gender lens strategy, including an asset class framework and a due diligence framework.

Our ambitions are reflected in the title of the report: we seek to move the practice of gender-lens investing from a relatively niche practice to a standard component of all investing.

KEY TAKEAWAYS: QUANTITATIVE ANALYSIS

- Greater gender diversity yields enhanced financial performance on an average basis.
- Diversity is important—the ratio of female to male positions matters, not just the number of women.
- Women in leadership positions appears to be especially important to financial performance.
- Location matters – women’s participation and financial performance varies more internationally than in the US.

Investing with a gender lens is the responsibility of each and every investor—and it’s easy to do! Whether you assess your investments based on a company’s gender diversity in governance, their workplace equity practices, the impact of products and services on women, or look more broadly at gender’s influence on business strategy, ***there is no magic formula and no single correct way to do gender-lens investing. There is only one wrong way—ignoring gender all together.***

EQUALITY FUND

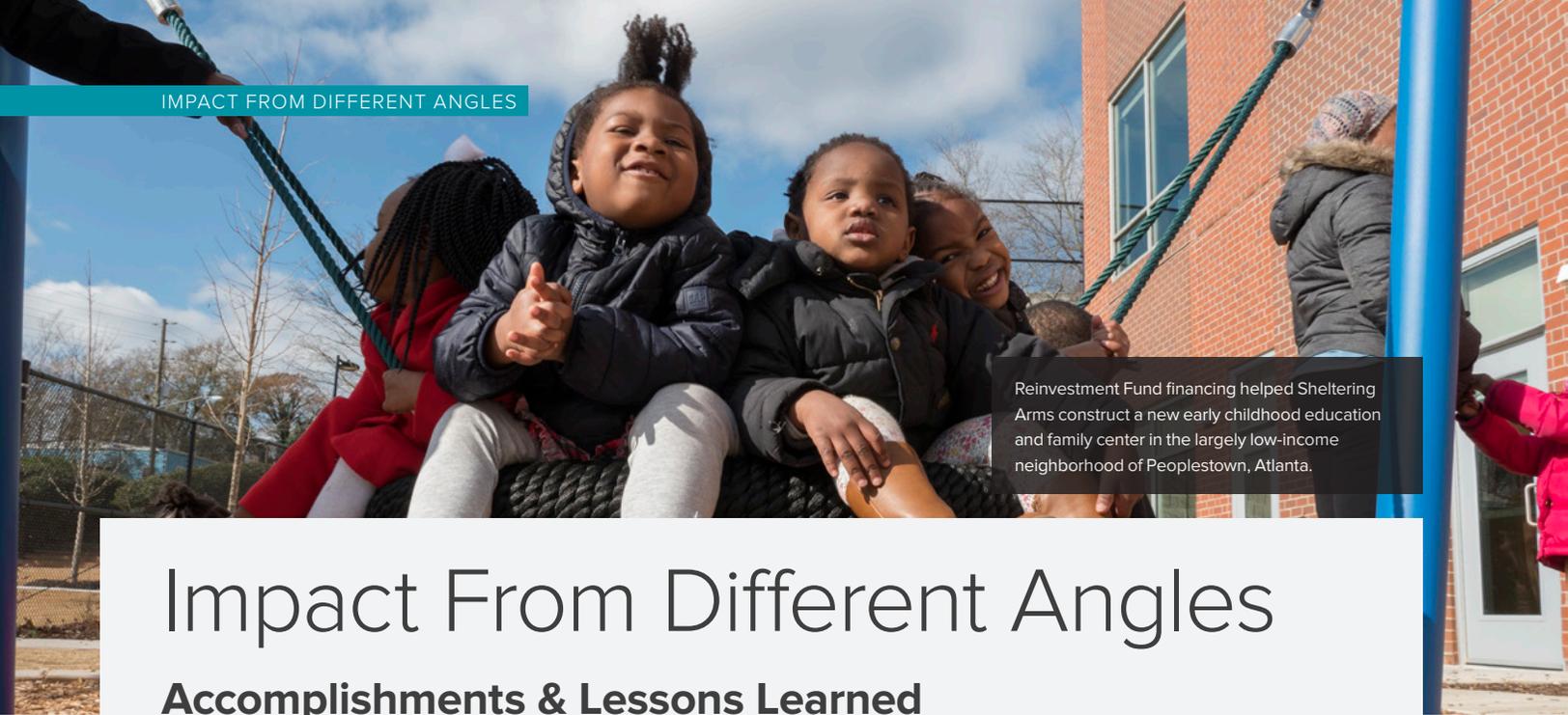
FUNDING FEMINIST FUTURES

What’s next?

We continue to grow our portfolio with a gender lens and to pursue new partnerships that will engage more investors around the globe to move capital with a gender lens. As announced in June 2019, we are proud to be leading the private debt strategy for the Equality Fund, a Canadian-led multi-stakeholder initiative that brings together investors, philanthropists, and advocates to support gender equality around the world. To execute the private debt strategy, we will leverage our Syndication services to apply a holistic gender lens to C\$75 million of private loans deployed primarily through funds and intermediaries.

Learn more: <https://equalityfund.ca>

⁴ The Global Impact Investing Network (GIIN) defines gender-lens investing as “investment strategies applied to an allocation or to the entirety of an investment portfolio, which seek to examine gender dynamics to better inform investment decisions and/or intentionally and measurably address gender disparities.”



Impact From Different Angles

Accomplishments & Lessons Learned

Democratizing impact investing—ensuring that all investors, regardless of wealth or status, can invest their money in alignment with their values—is core to our mission. We have worked with more than 18,000 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 certain portfolio activity for a targeted set of investors. These initiatives ranged from women’s empowerment (once called “WIN-WIN,” now referred to as “gender equity”) to local community development to diaspora engagement. These initiatives allowed us to bring the interests of our investors and the work of our portfolio partners closer together.

Creating this connection—bringing investors closer to the communities that their investments touch—remains a core objective, but how we do it has shifted based on what we’ve learned from this work.

ACCOMPLISHMENTS

Launched six initiatives and met our initial objectives for each of them

Raised capital from new investors which was deployed in line with the initiative’s portfolio objectives

Partnered with 25 organizations across the world

Developed pipeline opportunities across the globe —borrowers that are in our portfolio to this day

LESSONS LEARNED

Initiatives created confusion around the product offered to investors because of the multiple brands in the market

Direct to consumer marketing and broad investor education is difficult for a retail investment product, and was often confused with a donation

Mobilizing individuals requires significant partnership, marketing, and financial support, which is not covered by our traditional operations

Restricting financing in order to fit with targeted initiatives can create a misalignment with the core value proposition of our capital being flexible



Going forward, we will continue to experiment with new ways of featuring our portfolio that are engaging for investors and motivating to turn investor interest into action. As always, you can still invest across many themes and lenses through one investment in the [Community Investment Note®](#).

A Benefit Chicago borrower, Sweet Beginnings uses the production of beelove®—a line of honey-based products—to provide job training to community residents who, due to former incarceration or other circumstances, have found it difficult to procure gainful employment.

Spotlight on Local Investing

Local investing, or place-based investing, is one of the initiatives we launched in 2012 to engage audiences in three pilot cities, Denver, Baltimore, and Twin Cities, under the campaign name Ours To Own. This pilot—generously supported by The Kresge Foundation—included places where we felt there was the right combination of demand from local institutions, local investors, and strong existing and potential borrowers active in solving the city’s acute challenges.

At the beginning, Ours To Own gained strong traction as a way to engage in community and economic development in urban areas across the US. Once the campaigns launched, however, it became clear that the best organization to host this work in the long term would be a local anchor institution, not Calvert Impact Capital, our global organization based in the DC Metro Area. We learned that a steady, local presence is critical for investor and community engagement, and thus requires campaigns of this nature to be owned by local communities. While we can effectively provide the infrastructure for raising and deploying capital, the investor education required for a place-based campaign is best driven by those in the community who understand their needs, their neighbors, and the best path forward for their city.

We have incorporated a number of these lessons learned into our fourth local investing campaign called Benefit Chicago, an initiative co-developed by The Chicago Community Trust and MacArthur Foundation, which is still active today and has raised \$96.4 million to invest in the Chicagoland area, as of September 2019.

For more information on Benefit Chicago’s impact, visit their website: benefitchicago.org. For more on local investing through Calvert Impact Capital, see our updates: calvertimpactcapital.org/initiatives/local.



Reinvestment Fund financed the construction of the new Brown’s Fresh Grocer at Monument Road, which sits in a neighborhood that is considered a USDA Low Income and Low Access area.



Brick + Board, a social enterprise built by Humanim, has created businesses to preserve and resell materials from Baltimore’s abandoned homes and buildings, creating quality jobs for local residents.



What Makes Us Different

What makes us good stewards of our investors' capital? Our dedicated and diverse staff, who work tirelessly to strengthen communities and sustain our planet. This personal passion for the mission of Calvert Impact Capital drives us, and our diverse backgrounds and experiences help us channel investor capital more effectively to the communities that need it.



"I can wake-up every morning knowing that my work makes a difference. When my kids are asked what I do for work, they say 'she helps the world be a better place.' Instilling my children with this spirit of working for the greater good and seeing how we are all connected is so fulfilling and important for their future."

 **Christina Conrad**
Director, Investments

"Growing up in Zimbabwe I often felt very powerless in the face of significant economic downturns. Working here allows me to learn from the stories of entrepreneurs in many different parts of the country and the world who are working to address a lot of the same problems that are faced by people in Zimbabwe. Calvert Impact Capital has also given me the opportunity to contribute to building the market intermediaries needed to empower and scale those entrepreneurs' solutions."

 **Caroline Chihuru**
Officer, Investments



“Beyond my social justice motivation, I love working with the amazing, diverse, smart people here looking to advance solutions for people and planet. Against the seemingly daunting challenges we face, it is hard not to be an optimist when you're surrounded by the people we work with within and outside of our walls.”



Justin Conway
VP, Investment Partnerships

Abdel Moneim Maarouf Mohamed Alioui received a \$30,000 loan from Vitas Palestine, via our borrower Global Communities, which allowed him to buy new equipment for his bakery.

Our Impact Practice: Appendix

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. 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.

The Core Dimensions of an Impact Measurement Framework and Their Interlinkages



Source: IFC, "The Promise of Impact Investing," April 2019.

The way we manage impact through the investment lifecycle aligns with our three layers of impact: capital from our investors (investor impact), capital to our borrowers (portfolio impact), and capital invested in global communities (community impact).

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.

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 Sources

We use internal and external data sources to measure the impact reported in this year's impact report. For our portfolio and community impact reporting, we employ [industry-aligned indicators and best practices](#), including IRIS+ and the [Impact Management Project's \(IMP\) 5 dimensions of impact](#), to collect the most relevant impact data and alleviate the reporting burden on our borrowers. Most data is self-reported on an annual basis, through custom or standard

reporting required by our loan agreements. Unless otherwise stated within the report, all data is as of December 31, 2018.

Investor Impact: The metrics in this report reflect the outputs and outcomes we had on our investors and co-lenders in 2018. 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. Syndication data is expressed as cumulative outputs and outcomes as of August 2019.

Portfolio 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 2018, 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 into 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 2018.

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, 2018, our portfolio consisted of 115 active loans across 100 borrowers. 94.6% of borrowers who were requested or required to report, or make impact data available, reported to our team. Metrics reflect performance in our borrowers' fiscal year 2018, which may vary depending on the borrower. This report reflects the aggregate total of this data.

While our loans and 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.

Industry Collaboration & Impact Disclosures

In April 2019, we were pleased to announce that we became an initial [Signatory of the Operating Principles for Impact Management](#), a framework spearheaded at the IFC and adopted by more than 60 leading global impact investors. The Principles, outlined below, aim to ensure that impact considerations are integrated into the entire investment lifecycle, from deal sourcing to exit or repayment, and that lessons learned are continuously incorporated into portfolio management.

Investing for Impact: Operating Principles for Impact Management



While we have always provided comprehensive impact reporting to our investors on the impact we have on borrowers as well as on the ground in global communities, by adopting these Principles, we committed to disclosing how we manage the impact of our portfolio. We are pleased to make this first initial disclosure starting with our 2019 Impact Report.

This Disclosure Statement affirms that Calvert Impact Capital's core business, including impact management practices and lending policies and practices, is managed in alignment with the Principles. The total assets under management in alignment with the Principles is our entire portfolio of \$400,175,150 as of December 31, 2018.

Principles 1 & 2: Strategic Intent

We have developed a theory of change and impact objectives for each sector in which we operate, [available on our website](#). Per our Impact Management Framework, we manage these strategic and impact intents, as well as performance, on a portfolio level.

Principles 3-5: Origination & Structuring

In conjunction with the IMP and several other industry-leading impact investing firms, we have been co-creating industry best practice on operationalizing Impact Due Diligence.⁶ Through this collaboration, we have been developing an internal Impact Scorecard, which we use to systematically assess every transaction at the origination stage and project the expected impact the loan or investment is expected to create. The model is organized by the IMP's 5 dimensions of impact and includes assessments of our investor's contribution to impact (Principle 3) and the potential impact risks of the transaction and how to manage such risks (Principle 5). We look forward to disclosing even more about our Impact Scorecard in the months to come so investors can get a 'look under the hood' of our impact due diligence practices.

Principle 6: Portfolio Management

The expected results of the Impact Scorecard, used at the origination stage, are also used to measure and monitor realized impact at each stage of the investment management process. We often use the resulting data in our annual impact reports, as well as internally to monitor performance of our borrowers and respond appropriately when needed. Our broader impact and portfolio management processes allow us to assess the value that our capital has in each and every investment we make—not only throughout the life of the investment but growth of the markets we see after years of concentrated investment.

Principles 7 & 8: Impact at Exit

We provide private debt capital to strengthen and grow our borrowers, focusing our underwriting to ensure our capital meets each borrower's capacity to repay. We will often renew and increase our financing upon maturity in line with our strategy as our borrowers' capacity grows. When borrowers do decide to repay their loan and not renew, it is often because our strategy to help them **build, grow, and sustain** their operations and impact has been successful, and they have gained access to traditional finance that will be more appropriate to sustain their operations and impact—at scale—through the foreseeable future. In the

context of structured funds, we will often consider financing subsequent funds as managers expand their work.

In all of these instances, whether a renewal or repayment, we review and improve our processes based on lessons learned and the achievement of impact, particularly when the impact falls short of projected targets. Most of these decisions and lessons learned are documented, and through the implementation of the Impact Scorecard, we are developing processes for further documentation.

Principle 9: Independent Verification

This is our first disclosure of the alignment of our impact management practices with the Principles. As a Signatory, we committed to engaging with an independent verifier in 2020. We look forward to sharing an independent verification of this disclosure and to continue to strive for transparency in impact management, as we work to continue *Connecting Capital and Communities*.

⁶ For additional resources on Impact Due Diligence, see Pacific Community Ventures' July 2019 report at: <https://www.pacificcommunityventures.org/2019/07/02/impact-due-diligence-emerging-best-practices>.

About Calvert Impact Capital

Calvert Impact Capital 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 24-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 2019 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>.

Join us in connecting capital and communities.

[Join us at calvertimpactcapital.org](https://calvertimpactcapital.org) →

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