Principles for Responsible Investment

IMPACT INVESTING MARKET MAP

UNEP FINANCE INITIATIVE

United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

THE SIX PRINCIPLES

PREAMBLE TO THE PRINCIPLES

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

1 **We will incorporate ESG issues into investment analysis and decision-making processes.**

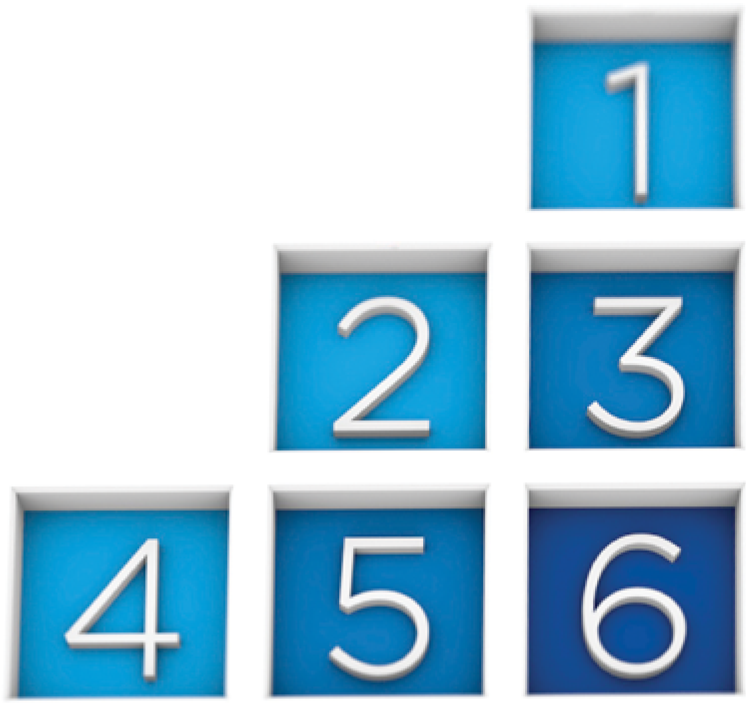
2 We will be active owners and incorporate ESG issues into our ownership policies and practices.

3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.

4 We will promote acceptance and implementation of the Principles within the investment industry.

5 We will work together to enhance our effectiveness in implementing the Principles.

6 We will each report on our activities and progress towards implementing the Principles.



PRI's MISSION

We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.

The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.

ACKNOWLEDGEMENTS

The PRI would like to thank all the PRI signatories and stakeholders involved or participated in this project – over 180 organisations from more than 15 countries – and with special thanks to:

- Seb Beloe, WHEB
- Kevin Bourne, LCE Risk
- Leticia Emme, GIIN
- Jurgen Hammer, SPTF
- Sarah Norris, Standard Life Investments
- Adisty Raissa Fitri, Triodos
- Nils Meinefeld, RMA Asset Manager
- Sébastien Garnier, AxHA
- Nikkie Pelzer, ACTIAM
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CO-DEVELOPERS

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- Rose Beale, Columbia Threadneedle Investments
- Christophe Bochatay, Triple Jump
- Jyoti Aggarwala, Big Path Capital
- Hannah Young, UFF African Agri Investments
- Mark Newberg, Womble Bond Dickinson
- Nick Ashburn, Wharton University
- Nils Meinefeld, RMA Asset Management
- Sébastien Garnier, AxHA

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FOREWORD

Since the launch of the Principles for Responsible Investment in 2006, the preamble to the Principles has said: "We recognise that applying these Principles may better align investors with broader objectives of society".

Never before have these "broader objectives of society" been more clearly defined than in the United Nations Sustainable Development Goals (SDGs). All the UN country signatories have agreed on a sustainability agenda, covering three broad areas – economic, social and environmental development – and comprising 17 global goals, further developed in 169 targets, to be reached by 2030.

The PRI puts the SDGs at the heart of its strategy for the next 10 years, our Blueprint for Responsible Investment, and we are committed to supporting the UN's efforts and helping investors to integrate the SDGs into their businesses and investment decisions.

The Impact Investing Market Map (the Market Map) is a resource created by the PRI and co-developed with key stakeholders that provides a practical link between the often-nebulous ambitions of the SDGs and real-world impact investment opportunities.

The Market Map contains information about 10 environmental and social thematic areas of impact investments and businesses that, by their nature, intend to contribute to sustainability and the SDGs. In addition, the resource provides a clear direction for investors to direct their capital where it can help companies that are providing solutions to the challenges articulated in the SDGs, while giving them the comfort of investing in traditional asset classes and at a scale that is appropriate to institutional investors.

Kris Douma
Director of Investment Practices & Engagements, the PRI

This is the PRI's second flag in the sand in this area following the publication of The SDG Investment Case in October 2017, and we wanted to start with a practical tool to guide our signatories and global partners when they are looking at thematic investments. We hope to build on this foundation in the future.

The PRI expects the Market Map to support the many initiatives and efforts already underway to bring clarity and scalability to the impact investing industry and, in turn, consideration of the SDGs across regions and countries.

EXECUTIVE SUMMARY

Over the last decade, impact investing has shifted from a disruptive investment concept to a complex and rich investment ecosystem. According to PRI data, more than 450 investors allocated US$1.3 trillion[1] to impact investments worldwide in 2016 and the increasing demand for impact investing products and services has opened a new commercial avenue for asset managers, fund managers and service providers interested in this growing market.

Major data providers such as MSCI and FTSE have been allocating resources to study and assess companies' impact beyond standard ESG practices and impacts; global networks including the GIIN, GRI and others have been working on impact KPIs and ratings. Specialist service providers have emerged to provide custom products and services that meet a variety of asset owners' goals and interests.

Impact investments can be made in several ways; through a traditional model aligned with the theory of change, the concept of additionality and purpose-driven companies, to a more mainstream approach that focuses on medium and large businesses that deliver products or services to benefit society and the environment.

The GIIN and other impact organisations have been developing tools and resources for traditional, illiquid or early-stage impact investors and impact companies in emerging and developed countries. However, more clarity around the other types of and approaches to impact investments, particularly mainstream impact investments, is needed.

With this in mind, the PRI launched the Impact Investing Market Map (the Market Map). Its goal is to bring more clarity to the process of identifying mainstream impact investing companies and thematic investments so that asset owners and fund managers can better assess opportunities in this market.

The Market Map focuses on medium and large impact investing companies (privately-owned or listed equity firms) in the real economy. The PRI used two basic frameworks, the UN Sustainable Development Goals (SDGs) and the PRI Reporting Framework, to identify 10 thematic investments (themes): energy efficiency; green buildings; renewable energy; sustainable agriculture; sustainable forestry; water; affordable housing; education; health; and inclusive finance.

The Market Map was designed using more than 450 studies and reports from UN agencies, international organisations, think tanks, as well as almost 200 analyses of company benchmarks and metrics from large data providers. Over 180 organisations participated in an international consultation process – one of the PRI's largest consultations – to improve and validate the Market Map, which provides three basic but crucial benefits to the impact investing industry:

1. a common definition of a thematic investment (i.e. water, inclusive finance, education) that is aligned with at least one international organisation, global market leader and/or data provider;
2. basic criteria that explain a theme in practical terms, including thematic and financial conditions to identify specific businesses and investments aligned with the definition provided; and
3. a list of KPIs used by the impact investing community to track and assess the environmental and social performance of a specific theme.

The Market Map also links each of the 10 themes with specific SDGs and their respective targets and indicators, and provides information to improve knowledge and awareness of the impact investing sector.

Understanding that the impact investing industry is constantly evolving, the PRI created the Market Map to be refined and reviewed over time to reflect current information available in the investment industry.

The PRI invites organisations to use, adapt and test the Market Map methodology and tool in their own businesses and future work.

1 In 2016, the PRI developed an exercise to evaluate the PRI Reporting Framework, with a focus on impact investments. The exercise targeted the direct and indirect investments of PRI signatories in 10 thematic areas. The results of this exercise were presented to PRI staff and key stakeholders. For more information, please contact the PRI.

INITIAL CONSIDERATIONS

This section highlights the most important conditions to understand the focus of the Market Map, and provides background information on how the impact investing industry has evolved, as well as the role of the SDGs.

IT IS NOT A STANDARD

The Market Map provides a methodology to begin identifying impact investing companies.

IT IS NOT A FRAMEWORK

The Market Map focuses on existing information about impact investing companies based on thematic investments.

IT DOES NOT FOCUS ON ILLIQUID OR EARLY-STAGE IMPACT INVESTMENTS[2]

The Market Map targets mainstream (high liquidity and maturity) impact investing companies (in the real economy), including listed equity firms, medium and large businesses, and infrastructure projects.

IT FOCUSES ON IMPACT INVESTING COMPANIES

The Market Map targets companies and businesses (in the real economy) that operate in the impact investing field, not funds or investment vehicles.

FINANCIAL CONDITIONS[3]

Each thematic investment has its own financial conditions based on a benchmark of company revenues in MSCI, FTSE or Bloomberg indexes, as well as PRI data.

DEVELOPED WITH INVESTORS

The Market Map was designed by the PRI and developed with key stakeholders and investors.

2 For more information, see Appendix 1.
3 For more information, see Appendix 1

IMPACT INVESTMENTS AND THEIR EVOLUTION TO THE MAINSTREAM

The term impact investing, coined by the Rockefeller Foundation 11 years ago, was a disruptive concept for the mainstream investment industry. It represented a new paradigm since it was different from environmental, social and governance (ESG) investing[4], which focuses on reducing companies' and investors' risks and/or assessing companies' non-financial performance. Instead, impact investing focuses on business models and the products and services these companies produce. In this sense, impact investing aims to positively impact society beyond ESG-related compliance and investing.

Since the emergence of the impact investing concept, the industry has expanded and become incredibly complex. The sector has been boosted by increased attention from policy makers[5] and the development of industry standards, while international organisations such as the UN have promoted impact investing. Bodies such as the council of investors and borrowers that sets the Green Bond Principles have also helped set common standards[6].

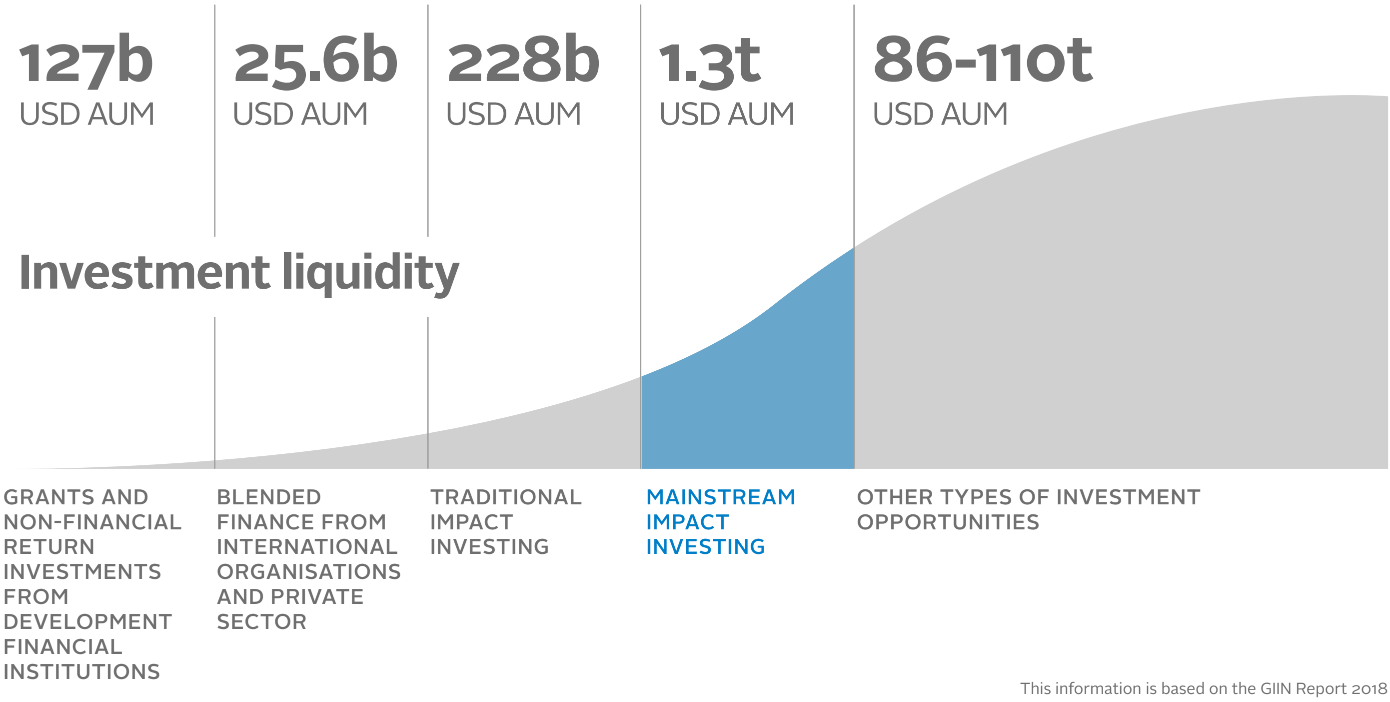
PRI data shows that about 465 organisations made impact-related investments in 2016, representing US$1.3 trillion in combined AUM – up from 280 and US$800 billion respectively in 2014.

As the impact investing ecosystem grows[7] in size and complexity[8], traditional impact investing definitions[9], metrics, business models and investment vehicles need to be re-evaluated. Part of the evolution of this ecosystem involves expanding the scope of the original definition of impact investing to be more flexible and inclusive; in other words, to be more mainstream.

For instance, the traditional impact investing model is usually associated with the theory of change[10], the concept of additionality and purpose-driven companies[11]. However, the mainstream impact approach focuses on liquid and mature businesses that deliver products or services to benefit society and the environment.

It is important to highlight that mainstream impact investing and traditional or illiquid impact investing exist in the same ecosystem but operate differently. As noted by the World Economic Forum[12,13], traditional impact investing targets low and mid-liquidity and maturity impact companies as well as more innovative companies[14], and can have more disruptive impacts on society and the environment.

The figure below provides information on the total assets under management of both types of impact investments and how these compare to social investments and mainstream investing.



This information is based on the GIIN Report 2018

Meanwhile, mainstream impact investing targets businesses such as listed equity firms and large privately-owned companies that can have impact at scale and are more attractive to institutional investors and mainstream investors. These two types of impact investments are complementary and work symbiotically.

The Market Map does not focus on illiquid or early-stage impact investing companies and businesses; rather, it explores opportunities to identify and measure large, mature and liquid companies operating in the impact investing field.

IMPACT INVESTING AND THE SDGS

The SDGs are a global effort to pursue an agenda for sustainable economic growth and address social needs including education, health, social protection and job opportunities, while also tackling climate change and other environmental issues. As highlighted by the UN, the SDGs are not legally binding; governments are expected to take ownership and establish national frameworks to achieve the 17 Goals (see below)[15].

A study by the United Nations Conference on Trade and Development (UNCTAD) identified that achieving the SDGs "will take between US$5 to $7 trillion, with an investment gap in developing countries of about $2.5 trillion."[16] In this scenario, the role of the private sector is critical as it can bring "agility in delivery and new approaches to financing the SDGs"[17].

Impact investing is one of many approaches the private sector can use to promote and support the implementation of the SDGs. However, it is important to highlight that impact investing is not part of, or intrinsically connected to, the SDGs. For instance, some SDGs target the creation or development of specific country policies, or the implementation of processes (i.e. ESG factors and practices) or governmental strategies.

4 See Appendix 1.

5 For instance, Brazil was the first country to have a national policy for impact investments. For more information, see: Brazilian Government (2017) DECRETO Nº 9.244, DE 19 DE DEZEMBRO DE 2017, Available at: http://bit.ly/2KdOxgr [Accessed: 2018].

6 The Economist. 2018. "Impact investing" inches from niche to mainstream. Available at: https://econ.st/2lCfhlz [Accessed 6 April 2017].

7 Abhilash Mudaliar, Aliana Pineiro, Rachel Bass. (2016) Impact Investing Trends Evidence of a Growing Industry. Global Impact Investing Network. Available at: http://bit.ly/2Kdd5WS [Accessed: 2017].

8 Money Marketing/Jessica Tasman-Jones. 2017. Govt warned over lack of social impact investment products. Available at: http://bit.ly/2Kr5qQN [Accessed 30 April 2017].

9 See Appendix 1.

10 Casey Foundation (2004) Theory of Change: A Practical Tool For Action, Results and Learning. ANNIE E. CASEY FOUNDATION [Online]. http://bit.ly/2MsJ3e5 [Accessed: 2016].

11 KPMG (2018) Understanding Impact Investing: Common terms and what they mean. KPMG [Online]. Available at: http://bit.ly/2yLyjWv [Accessed: 2018].

12 Michael Drexler, Abigail Noble, Erik Classon, Eric Mercep. (2014) Charting the Course: How Mainstream Investors can Design Visionary and Pragmatic Impact Investing Strategies. World Economic Forum. Available at: http://bit.ly/Pragmatic_Impact_Investing [Accessed: 2017].

13 Michael Drexler, Abigail Noble, Joel Bryce. (2013) From the Margins to the Mainstream: Assessment of the Impact Investment Sector and Opportunities to Engage Mainstream Investors. World Economic Forum. Available at: http://bit.ly/From_the_Margins_to_the_Mainstream [Accessed: 2016].

14 Mara Bolis, Chris West, Erinch Sahan, Robert Nash, Isabelle Irani. (2017) Impact Investing: Who are we Serving? Oxfam. Available at: http://bit.ly/Impact_Investing_Who_are_we_Serving [Accessed: 2017].

15 For more information, see: http://bit.ly/UN_SDGs_1

16 Mara Niculescu (2017) Impact investment to close the SDG funding gap. UNDP. Available at: http://bit.ly/2KcAgAu [Accessed: 2017].

17 UNDP (2017) Impact investment to close the SDG funding gap. UNDP. Available at: Business Solutions for the SDGs: How private sector and UN can partner to achieve the Global Goals [Accessed: 2017].

ABOUT THE MARKET MAP

The increasing demand for impact investing products and services has opened a new commercial avenue for asset managers, fund managers and service providers. Major data providers such as MSCI and FTSE have been allocating resources to study and assess companies' impact beyond standard ESG practices and impacts, KPIs and ratings. Meanwhile, specialist service providers have emerged to provide custom products and services that meet a variety of asset owners' goals and interests.

While impact investing is a new paradigm for the investment community, there are still many gaps and issues that need to be addressed to take it to the mainstream. The market is lacking a common language as well as definitions of impact investing and thematic areas such as energy efficiency, affordable housing and inclusive finance. As a result, some organisations adopt non-linear practices and design their own methodologies without a global or harmonised baseline[18] of impact investing investments[19]. This makes it difficult to identify benchmarks and best practices, and differentiate products across asset classes and investment themes. As a result, the current impact investing landscape is broad *and* fragmented.

It is broad because organisations define impact differently, as well as because of the size of the market[20]. For example, some organisations advocate that impact investing should include listed companies; others prefer to only include companies that can demonstrate their impact to final beneficiaries[21] using impact assessment studies and monitoring and evaluation tools to collect more granular data.

The landscape is fragmented[22] because there are no basic methodologies, certifications or standards to identify and assess impact investing funds, or to distinguish ESG investing from impact investing. Most of the organisations that work in this field have developed their own approach to identifying and selecting impact investing companies, and creating impact investing portfolios.

The lack of uniform definitions, market concepts and methodological baselines ultimately creates a difficult environment to assess the quality and relevance of impact investing products and services. This causes additional challenges for institutional investors interested in investing in this field.

Based on this scenario, the PRI launched the Market Map to:

Bring more clarity to the process of identifying impact investing companies and thematic investments so that asset owners and fund managers can better assess opportunities in this market.

The project targets companies in the real economy, rather than impact investing funds. The focus of this project is on designing a basic, practical and applicable methodology to help asset owners, asset managers and fund managers identify impact investing companies based on thematic investments. The methodology was designed using common definitions, methodologies and market practices established by international organisations such the UN, the World Bank, Netherlands Development Finance Company (FMO), International Finance Corporation (IFC), OECD and market leaders including MSCI and FTSE.

18 The Case Foundation (2015) Short Guide to Impact Investing. The Case Foundation. Available at: http://bit.ly/Short_Guide_to_Impact_Investing [Accessed: 2016].

19 Amit Bouri, Abhilash Mudaliar, Hannah Schiff, Rachel Bass, Hannah Dithrich. (2018) Roadmap for the Future of Impact Investing: Reshaping Financial Markets. Global Impact Investing Network. Available at: http://bit.ly/Road_For_The_Future_Impact_Investing [Accessed: 2018].

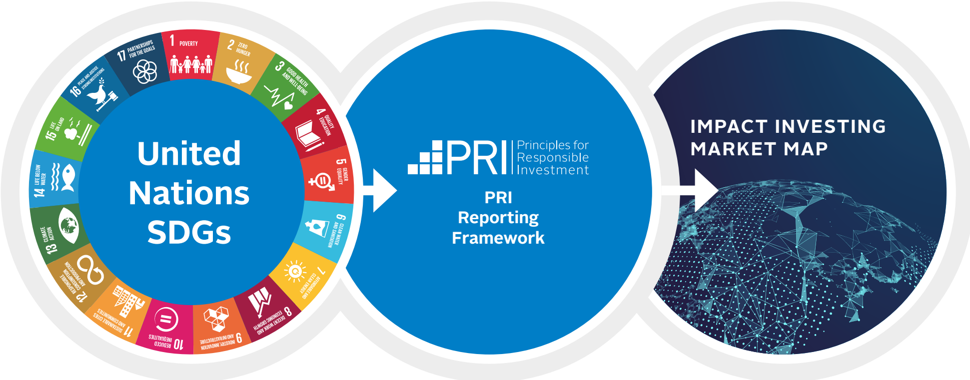
20 Jessica Matthews, David Sternlicht, Abhilash Mudaliar, Hannah Schiff. (2015) Introducing the Impact Investing Benchmark. Global Impact Investing Network. Available at: http://bit.ly/Introducing_the_Impact_Investing_Benchmark [Accessed: 2016].

21 See footnote 9.

22 UK Government (2017) Growing a Culture of Social Impact Investing in the UK. UK Government. Available at: http://bit.ly/Growing_Culture_Impact_Investing [Accessed: 2018].

ORGANISATION AND STRUCTURE

The PRI designed the Market Map using two complementary frameworks:



The two frameworks combined do not cover all types of impact investments, but are a good starting point to categorise mainstream impact investments into themes, of which the PRI identified 10. The PRI has been collecting information on these themes for the last five years as part of the PRI Reporting Framework for impact investments.

The 10 themes are:

- Energy efficiency
- Green buildings
- Renewable energy
- Sustainable agriculture
- Sustainable forestry
- Water
- Affordable housing
- Education
- Health
- Inclusive finance

> "The Market Map is an important milestone in building the field of impact investing in the real economy as it establishes a methodology and provides a common language for market participants to identify impact companies".
>
> Jyoti Aggarwala, Director, Big Path Capital

CREATING THE MARKET MAP

The PRI impact investing team reviewed over 450 reports from UN agencies, market leaders, universities, indices and data providers (i.e. MSCI, FTSE and Bloomberg). The team also benchmarked around 190 companies, interviewed PRI signatories and external stakeholders, and launched a global consultation process to review and validate the Market Map with over 180 organisations.

The information collected and assessed was organised into practical thematic investment forms or tools with three features:

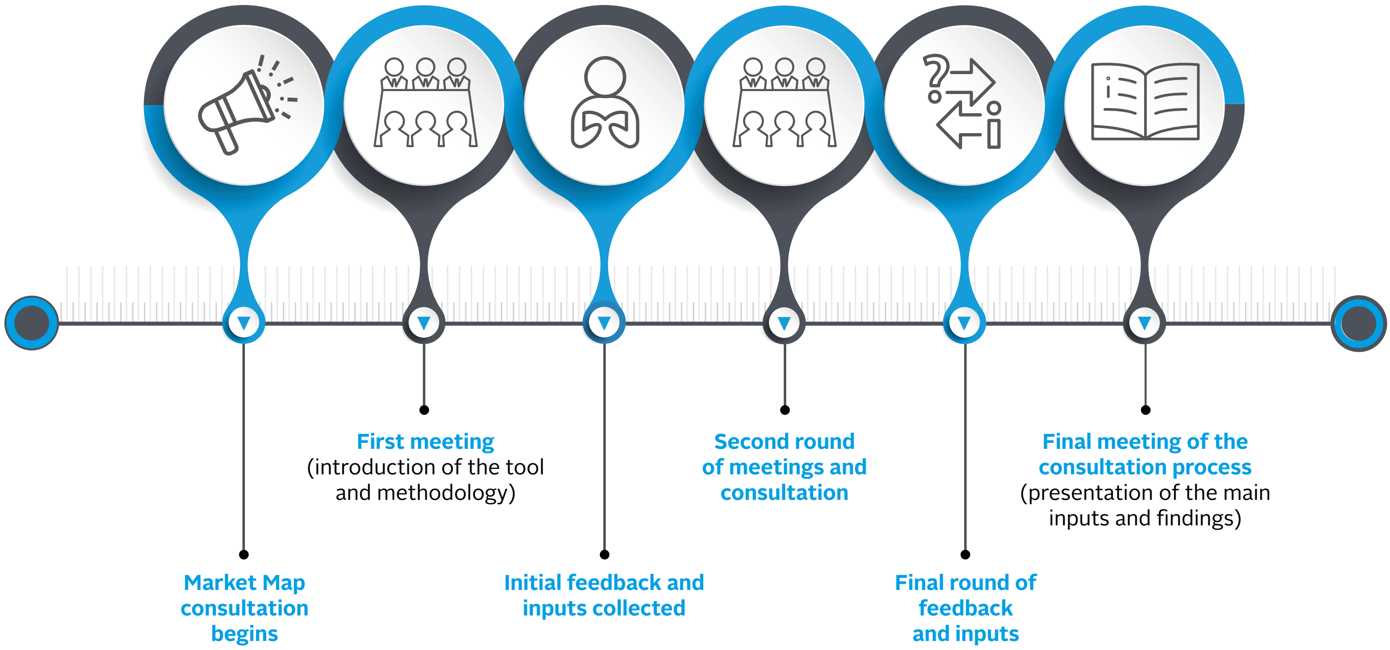
- a common definition aligned with at least one international organisation, global market leader and/or data provider;
- basic criteria that explain the theme in practical terms, including thematic and financial conditions to identify businesses and investments that are aligned with the definition provided; and
- a list of common KPIs used by the impact investing community to track and assess environmental and social performance.

Additional information includes:

- thematic investments aligned with the SDGs and associated targets; and
- notes on how to use the forms.

THE CONSULTATION PROCESS

The PRI launched a global consultation process from December 2017 to February 2018 to test the Market Map methodology and tool with investors, fund managers, international organisations, consulting firms and universities. The process was organised based on the 10 thematic investment groups, each chaired by an external organisation. Over 184 organisations participated, involving around 40 calls and meetings. Over 200 comments were collected overall.



Most of the comments received during the consultation process were incorporated, based on:

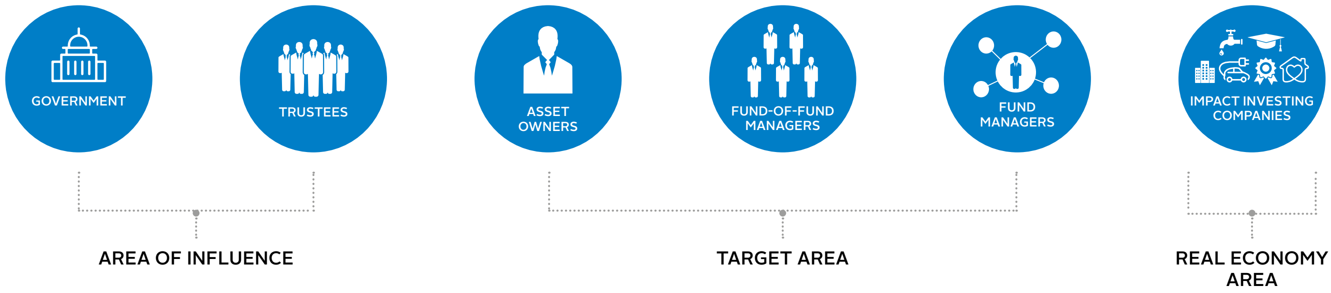
- the relevance and importance of the inputs to the overall quality of the document;
- the consensus of the participants on a specific methodologic condition; and
- the applicability of the inputs to the current impact investing industry.

Topics and comments that participants disagreed on were excluded, but will help to inform and support future PRI work on impact investments. See Appendix 6 for more information on the topics and issues not included in this document.

As mentioned earlier, the aim of the Market Map is to be tested and improved over time; therefore, past recommendations may help the PRI to make future improvements to the tool as well as help other organisations assess potential opportunities for future research.

AUDIENCES AND TARGET GROUPS

Trustees, asset owner executives, asset managers and fund managers are the direct target audiences of this tool. Other organisations such as data providers, service providers, impact investing companies and academics will also benefit, as the tool provides a baseline for current and future work on impact investing.



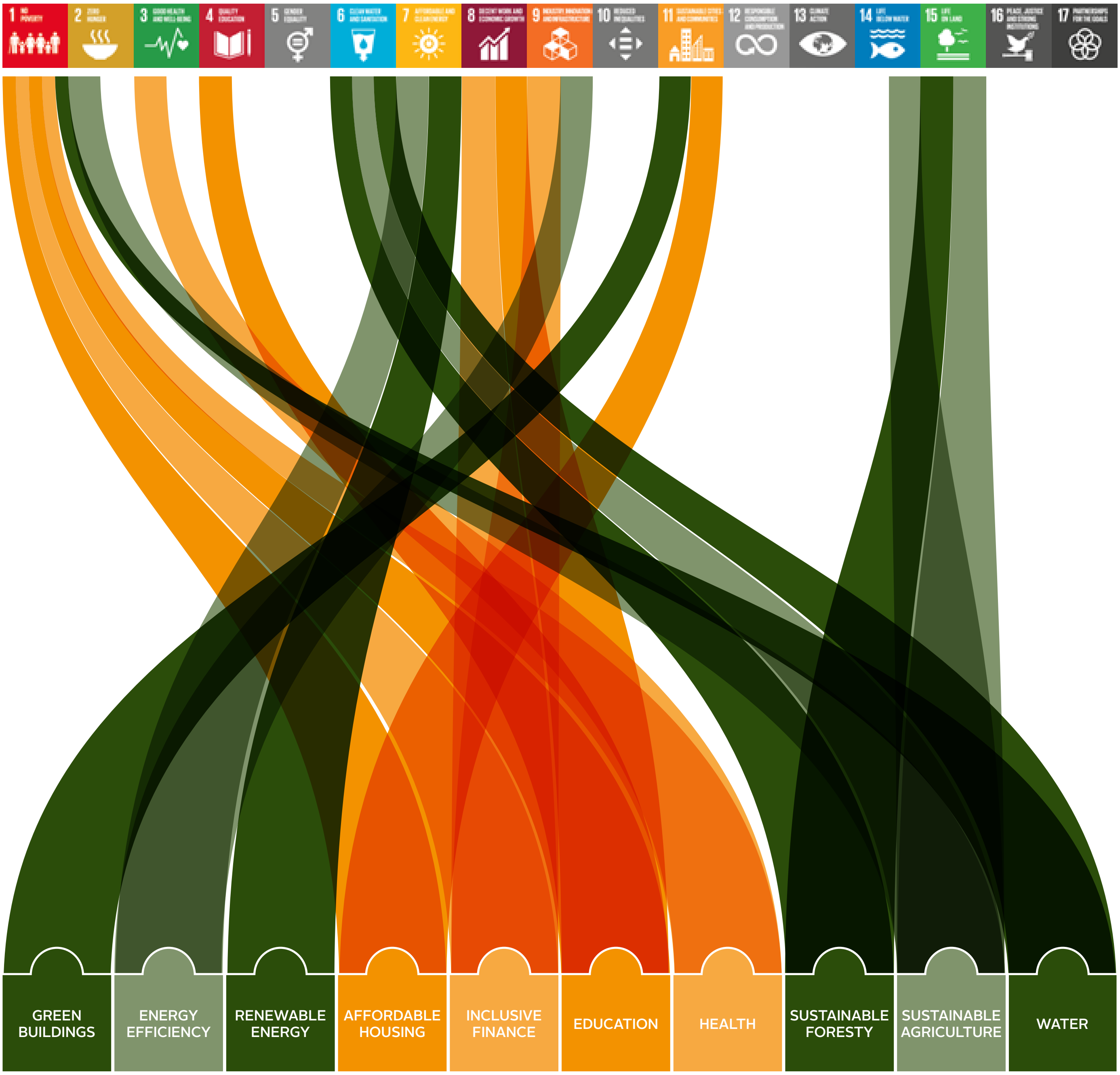
GENERAL BENEFITS

The Market Map provides five main benefits to the investment community:

1. a common language of impact investment themes;
2. a basic and practical methodology that can be used by asset owners, asset managers, fund managers and organisations interested in mapping and identifying companies that generate revenues based on one or more investment themes;
3. resources to asset owners interested in discussing how asset managers and fund managers design and manage their impact investing funds;
4. it helps asset and fund managers to collect, measure and report on basic and common impact investing metrics used by market leaders and international organisations; and
5. it aligns impact investing companies and themes with core SDG targets and indicators.

THE MARKET MAP AND THE SDGS

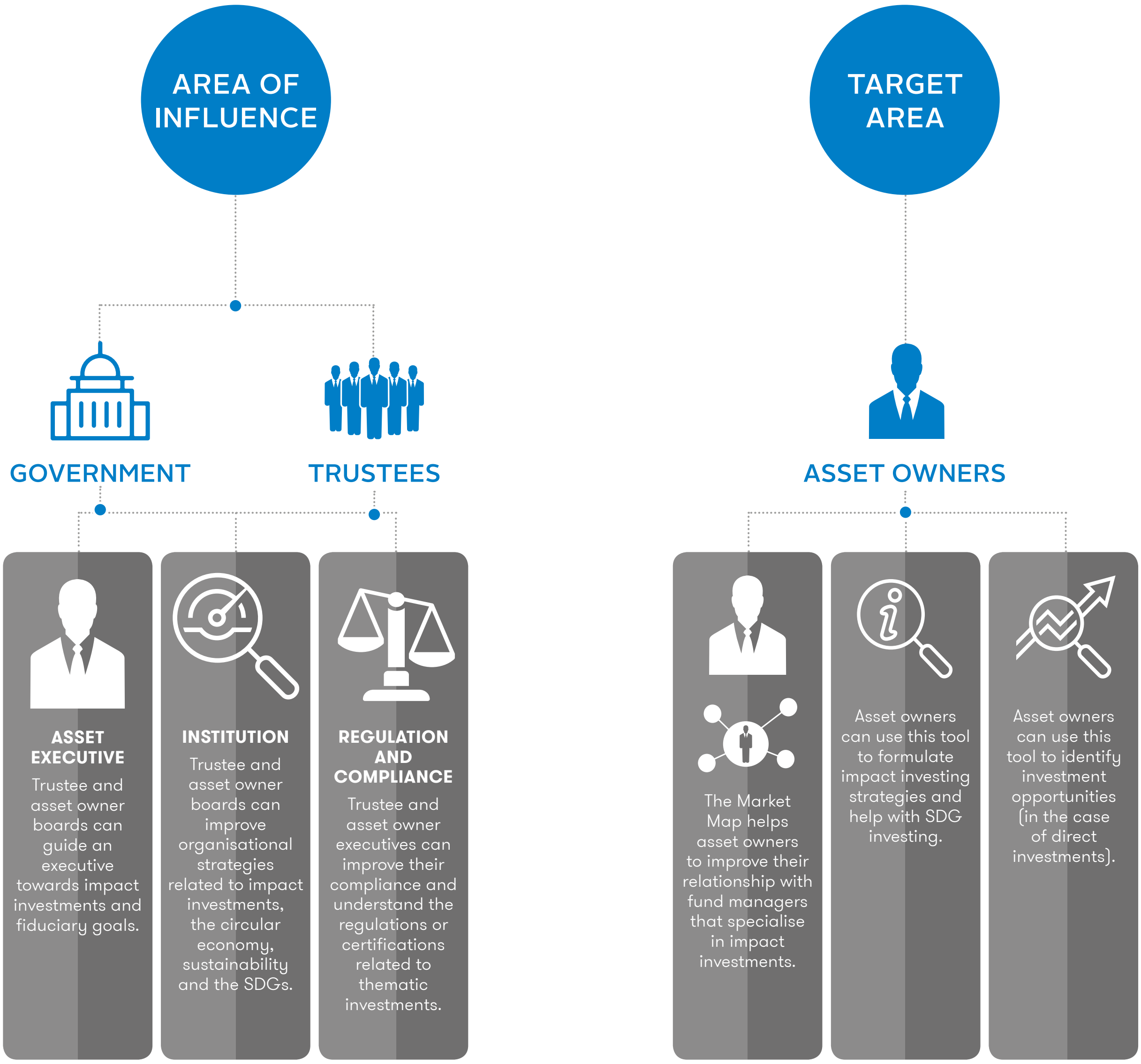
As mentioned earlier, the Market Map themes are aligned with the SDGs, but not each goal. The PRI assessed all targeted themes and their respective impacts or contributions towards the implementation of the SDGs, focusing exclusively on direct and primary impacts[23]. In addition, the PRI identified specific SDG targets and indicators that are directly connected to one or more of the thematic investments (see diagram below and Appendix 4 for a matrix with all the thematic investments and their associated SDGs and targets).



23 For more information on primary and direct impacts, see Appendix 1.

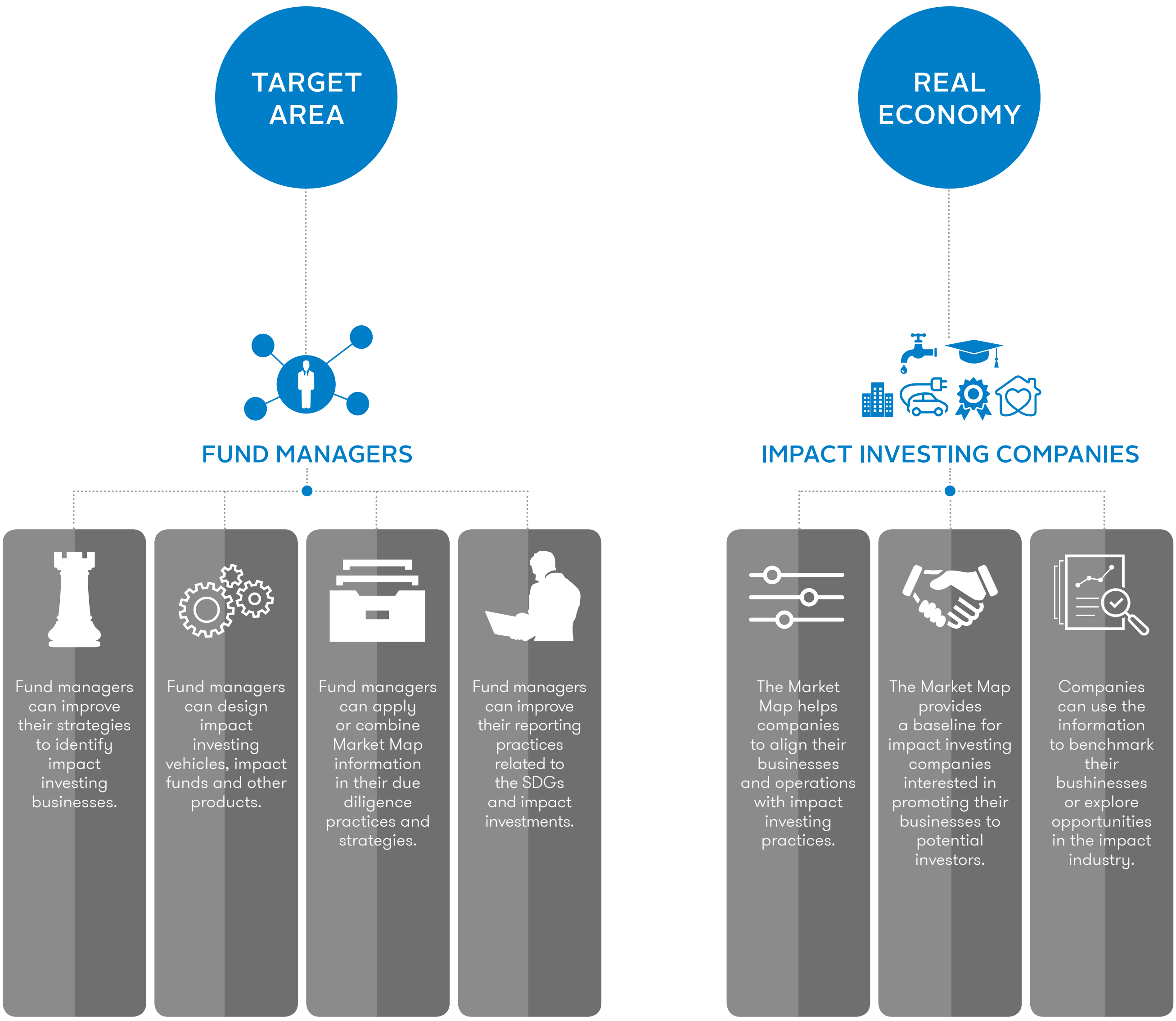
BENEFITS TO TARGET GROUPS

The Market Map provides a range of benefits to different audiences and organisations (see below). See Appendix 3 for questions that asset owners, fund managers and impact companies can use in their engagements related to impact investing strategies, fund selection and other relevant topics.

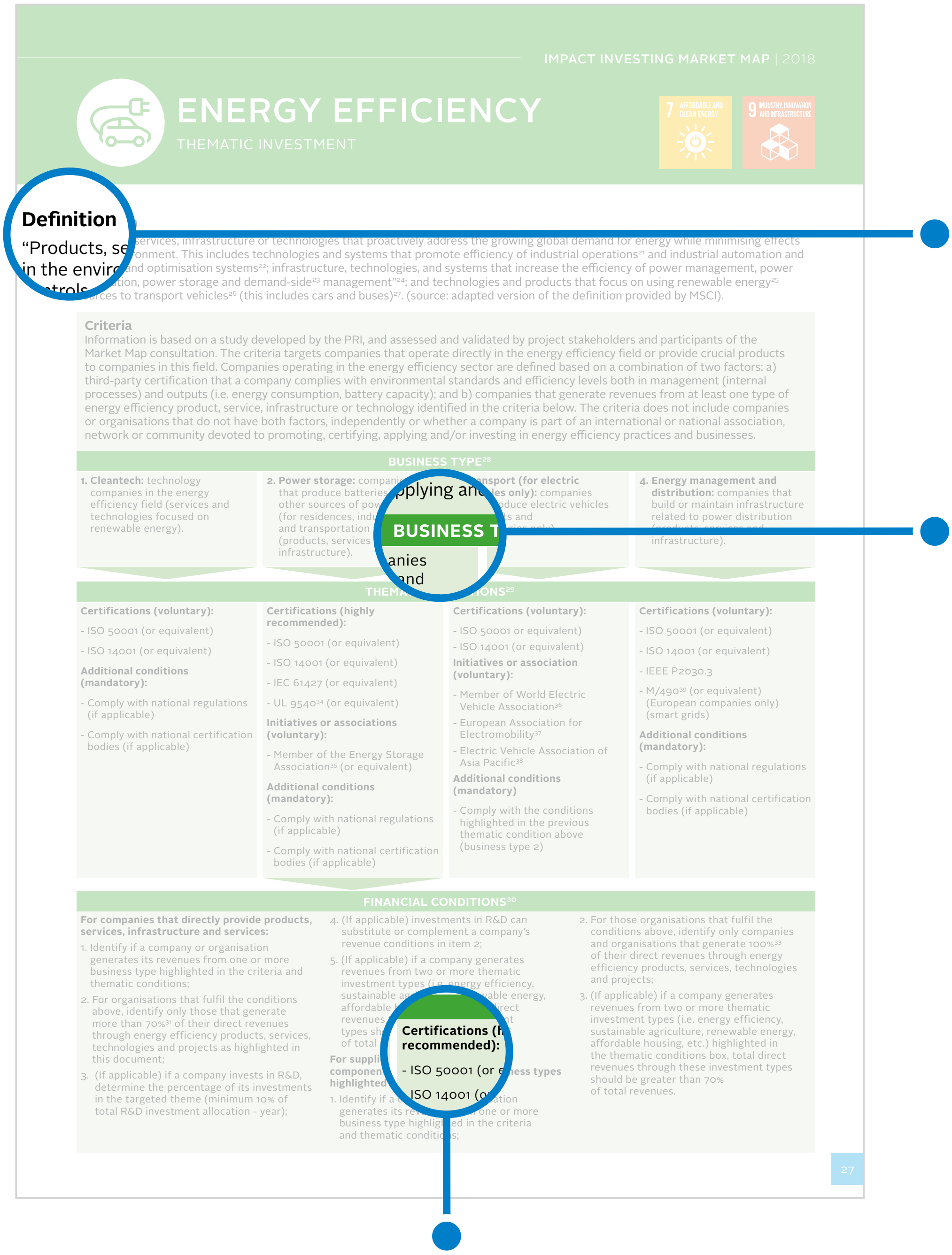


"With increased appetite for thematic investments and growing support from regulatory bodies to address environmental, social and governance risks in investments, we witness a growing trend of re-labelling existing products as impact investment and SDG opportunities. The Market Map provides clear guidance for selecting those investments that truly contribute to the SDGs and to the impact investing industry. The Market Map thereby offers a tool for new and existing investors to align their investments with market standards, aimed at advancing further development of the theme".

Nikkie Pelzer, Senior Impact Investing Analyst, ACTIAM



READING THE MARKET MAP



A common definition of a thematic investment (i.e. water, inclusive finance, education) that is aligned with at least one international organisation, global market leader and/or data provider.

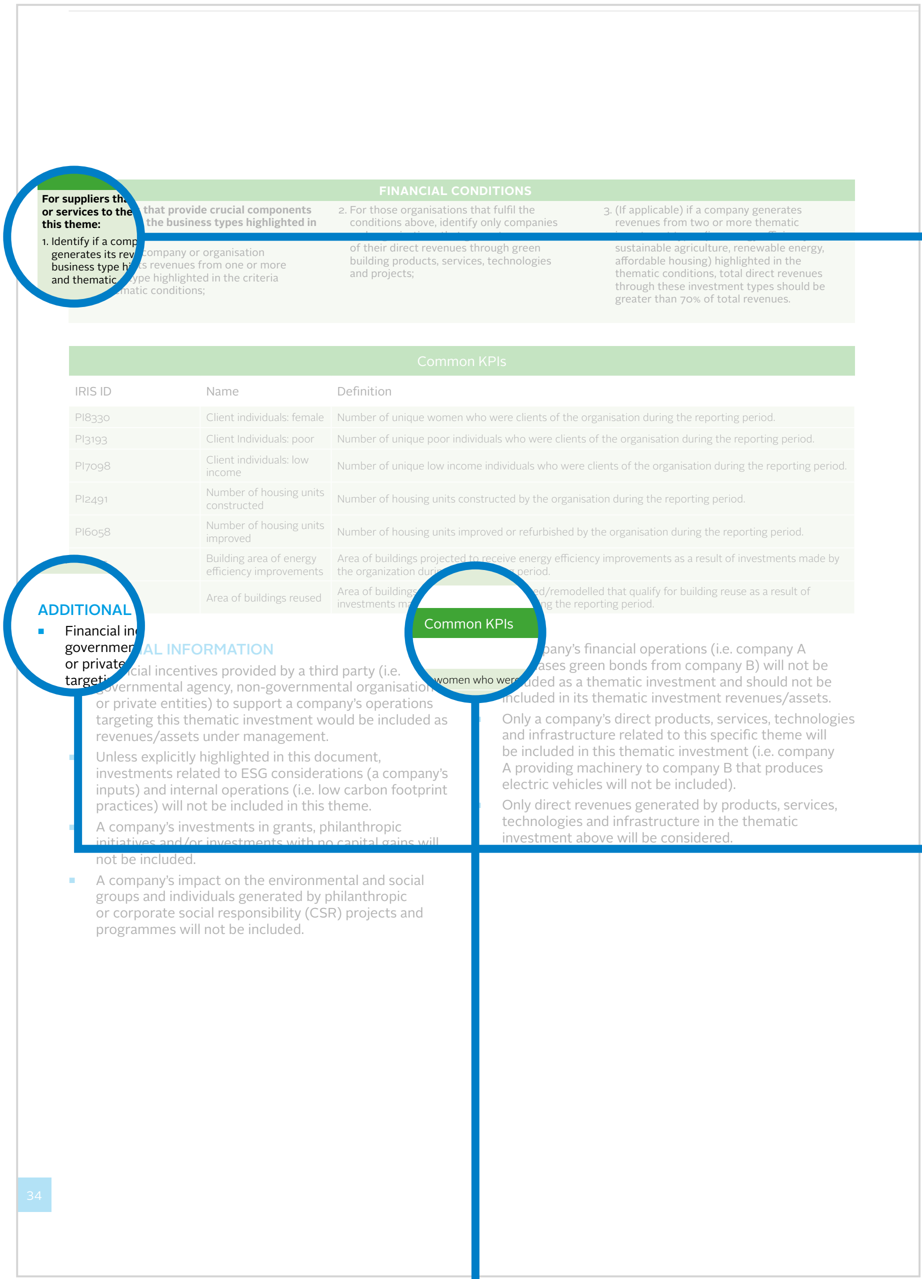
Based on the definition above, the PRI provides criteria to help identify impact investing companies based on:

a) Thematic business or business type
b) Thematic conditions such as certifications, initiatives and regulations
c) Financial conditions

Different themes and business types may require different types of thematic and financial conditions. See Appendix 1 for more information.

The PRI organises the thematic conditions (certification, initiatives and additional information) across three levels:

- **Voluntary certification/initiative:** certifications or initiatives that are directly linked to a thematic investment, but provide good evidence that an organisation differentiates from its peers. Voluntary certifications are usually associated with processes and ESG factors that are aligned with a thematic investment.
- **Highly-recommended certification/initiative:** these certifications or initiatives are directly aligned with a thematic investment or business type. They are not regarded as essential to differentiate one business from another.
- **Mandatory certification/initiative:** certifications and initiatives that are not only aligned with a thematic investment or company type, but are crucial to label a business type as impactful. For instance, a green building that is not certified cannot be considered as a green building.



Steps to read and use the Market Map:

1. See a definition and its criteria
2. Identify a thematic business or business type
3. Identify the respective thematic and financial conditions related to the business type

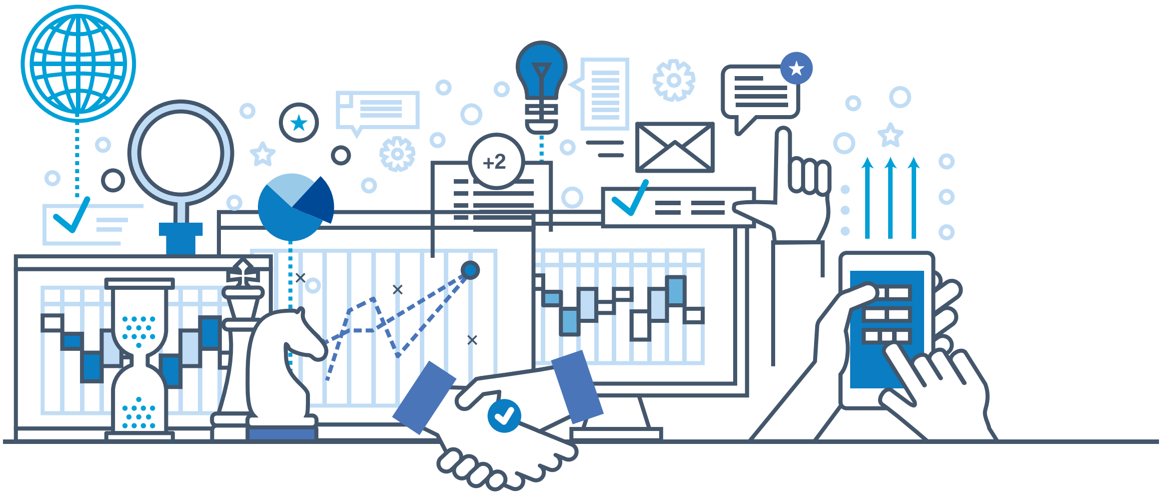
Additional information on how to use each theme and the Market Map.

A list of KPIs used by the impact investing community to track and asses environmental and social performance.

RESOURCES USED TO DEVELOP THE MARKET MAP

RESOURCES USED AND PROJECT DEVELOPMENT

458 studies



Data bank analysis

More than **10**

Indexes and methodologies reviewed

More than **10**

Company benchmark studies

190

From these resources we checked

UN conventions and declarations:

More than **80**

Studies from the UN, World Bank, Inter-American Development Bank, OECD, African Development Bank:

More than **165**

Studies from the World Economic Forum, GIIN, VBDO and other networks:

More than **90**

Studies from consulting firms:

More than **100**

Certification reviews/ analysis:

More than **185**

We reviewed:

IFC, World Bank, GIIN, PRI, MSCI, Bloomberg, FTSE, others:

THE PRI THEN LAUNCHED A GLOBAL CONSULTATION PROCESS TO REVIEW AND VALIDATE THE TOOL

About the participants of the consultation process

Total participants **184**

98 Male

86 Female

8%	54%	7%	11%	5%	5%	10%
Asset owner	Fund managers	Consulting firms	International organisations	Academia	Global associations, networks and NGOs	Others

By region

Top countries in Europe

(n. of participants)

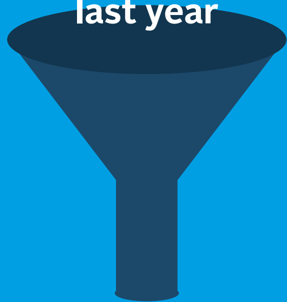
35	16	9	9
UK	Switzerland	Netherlands	Germany

INITIAL RESULTS

(AFTER THE CONSULTATION)

200 inputs received

One of the largest PRI consultation processes in the last year



3 international organisations participated in the consultation process

The Market Map was listed by the UK Government as one of the most important tools for impact investors

ENVIRONMENTAL THEMATIC INVESTMENTS

ENERGY EFFICIENCY

GREEN BUILDINGS

RENEWABLE ENERGY

SUSTAINABLE AGRICULTURE

SUSTAINABLE FORESTRY

WATER

ENERGY EFFICIENCY

Brief presentation

Energy efficiency is often associated with clean technology companies[1], green energy enterprises and smart or eco products (such as washing machines that consume less energy or hybrid cars). Broadly speaking, it is a concept that focuses on the products, services, technologies and infrastructure that help organisations, companies, households and individuals reduce their energy consumption, use clean energy sources or implement systems and management tools to improve energy use.

For instance, a company that focuses on building and managing green buildings could be considered as an energy-efficient company. A car manufacturer that uses solar panels to reduce energy consumption from the grid by 30% could also be labelled as an energy-efficient factory. A company that develops an application to monitor household energy consumption, such as Chain Energy[2], Smappee[3] and other services can also be defined as clean tech or energy-efficient companies. Lastly, some companies may use less energy to produce a product, while others provide crucial components to the production of goods that facilitate low energy consumption.

Investments in energy efficiency also flow into different areas and fields. A study by the International Energy Agency[4] (IEA) showed that investments of US$230 billion were made in energy efficiency businesses in 2016. Of that total, US$61 billion was allocated to transport, US$37 billion to industry and US$133 billion to buildings[5]. According to the IEA, energy efficiency investment now represents 13.6% of the $1.7 trillion invested across the entire energy market[6].

Due to the multiple uses of and innovative approaches to investing and working in energy efficiency, it is difficult to categorise and define companies in this field based on areas or topics, including differentiating between impact investing and mainstream companies.

The PRI reviewed several regulations, UN reports and studies ranging from The World Economic Forum to energy companies and multilateral development agencies to define energy efficiency for impact investing companies. It was not possible to identify definitions for all areas of energy efficiency, or to distinguish an impact company from a mainstream company. A more mainstream approach to defining impact investing companies was therefore taken using the definitions provided by major data providers such as MSCI, FTSE and ODYSSEE, as well as case studies developed by specialist fund managers and companies that invest in this field.

The PRI removed definitions that included fossil fuel and non-renewable energy sources[7]; broad definitions that included energy efficiency companies that depend on or reduce the energy consumption of fossil fuel energy and nuclear energy[8,9]; common household appliances[10] such as refrigerators, televisions or electric bulbs; and companies that do not work directly in energy efficiency.

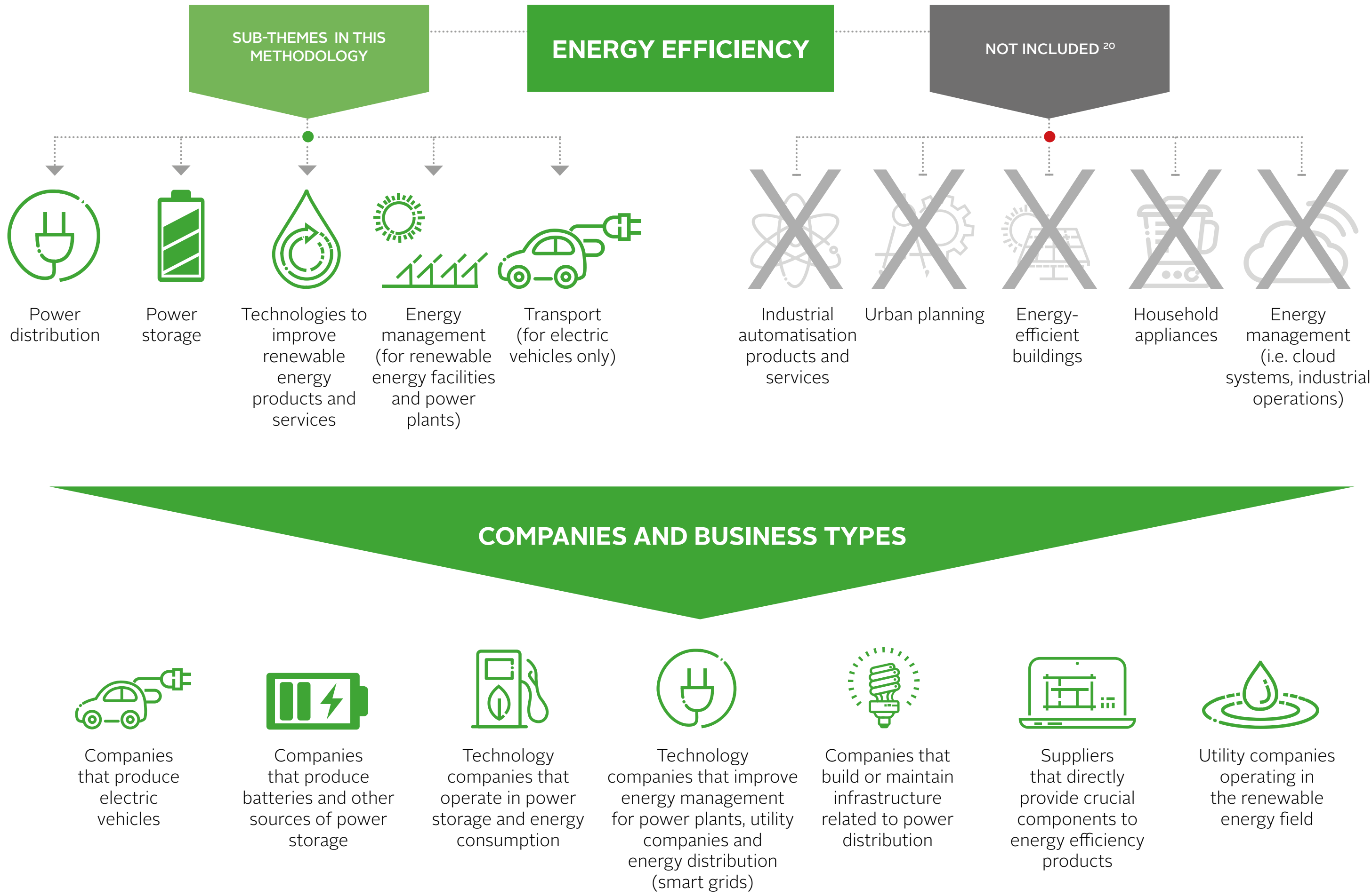
For this thematic investment, the PRI and project stakeholders[11] agreed that the definition of energy efficiency should align with other thematic areas of the Market Map and should focus on improving the efficiency of renewable energy products[12], services, technologies and infrastructure. Other energy efficiency products and services outside of this frame are considered as mainstream investments.

> "One of the main reasons why I am a strong believer in mainstreaming impact investing is that I feel the need to put an end to the socialisation of negative externality costs. Yesterday's actions are today's risks and will be tomorrow's costs. It would seem much more appropriate if the 'polluter pays' principle was applied on a broader scale. The Impact Investing Market Map is a useful tool in helping identify companies and approaches that generate returns while being aligned with the long-term well-being of people and the planet".
>
> Nils Meinefeld, Senior Portfolio Manager, RMA Asset Management

DESIGNING THE METHODOLOGY

The PRI used an adapted version of the definition provided by MSCI that describes energy efficiency companies as those that deliver:

"Products, services, infrastructure or technologies that proactively address the growing global demand for energy while minimising effects in the environment. This includes technologies and systems that promote efficiency of industrial operations[13] and industrial automation and controls, and optimisation systems[14]; infrastructure, technologies, and systems that increase the efficiency of power management, power distribution, power storage and demand-side[15] management"[16]; and technologies and products that focus on using renewable energy[17] sources to transport vehicles[18] (this includes cars and buses)[19].



Based on the information above, the following pages are structured as a form containing information to identify impact investing companies in this theme, including:

- a basic definition of the theme;
- thematic (i.e. business type) and financial (i.e. basic thresholds to determine an impact investing company) conditions; and
- a list of common KPIs used by practitioners and international organisations to measure the environmental and social performance of a specific theme.

ENERGY EFFICIENCY AND THE SDGS

As mentioned previously, the Market Map was designed using two different but complementary frameworks: the PRI Reporting Framework and the SDGs.

This section presents the main SDG(s) and its/their targets associated with the energy efficiency sub-themes and business types, based on an internal study conducted by the PRI SDG team and key stakeholders.

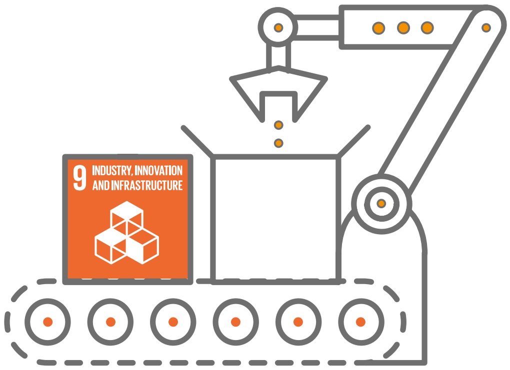
The goal of this section is to inform and contribute to discussions on the SDGs and impact investments. Organisations and individuals may use the information provided in this section to align their thematic investments with the SDGs and/or compare their work in this field to the Market Map.

The PRI identified the following SDGs and targets aligned with the energy efficiency thematic investment:

7.3: By 2030, double the global rate of improvement in energy efficiency

7.b: By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support

7.b.1: Investments in energy efficiency as a proportion of GDP and the amount of foreign direct investment in financial transfer for infrastructure and technology to sustainable development services



9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

FINAL COMMENTS

It is important to mention that this version of the Market Map focuses on the sub-themes highlighted above; the PRI may include additional sub-themes and business types in future work.

This version also includes common KPIs to assess the social and environmental impacts of specific themes and sub-themes. At this stage, the PRI uses KPIs from the IRIS catalogue, but may include additional KPIs from other organisations (i.e. GRI, UN Global Compact, SASB, and IFC standard indicators) in future versions.

The information provided in this theme is not designed to serve as a standard for impact investing companies operating in a specific theme or field. However, it can be used as a generic reference to assess companies in the energy efficiency field or as a primary condition that a fund manager or investor can consider when evaluating potential investments.

The PRI and project partners do not differentiate or provide a ranking to determine which sub-theme is more impactful or advocate a specific theme or SDG.

Lastly, the Market Map is a tool to be refined and reviewed over time; this document is based on current information available in the investment industry.

ENERGY EFFICIENCY

THEMATIC INVESTMENT

Definition

"Products, services, infrastructure or technologies that proactively address the growing global demand for energy while minimising effects in the environment. This includes technologies and systems that promote efficiency of industrial operations[21] and industrial automation and controls, and optimisation systems[22]; infrastructure, technologies, and systems that increase the efficiency of power management, power distribution, power storage and demand-side[23] management"[24]; and technologies and products that focus on using renewable energy[25] sources to transport vehicles[26] (this includes cars and buses)[27]. Source: adapted version of the definition provided by MSCI.

Criteria

Information is based on a study developed by the PRI, and assessed and validated by project stakeholders and participants of the Market Map consultation. The criteria target companies that operate directly in the energy efficiency field or which provide crucial products to companies in this field. Companies operating in the energy efficiency sector are defined based on a combination of two factors: a) third-party certification that a company complies with environmental standards and efficiency levels in management (internal processes) and outputs (i.e. energy consumption, battery capacity); and b) companies that generate revenues from at least one type of energy efficiency product, service, infrastructure or technology identified in the criteria below. The criteria do not include companies or organisations that do not have both factors, independently or if part of an international or national association, network or community devoted to promoting, certifying, applying and/or investing in energy efficiency practices and businesses.

BUSINESS TYPE[28]

1. **Clean tech:** technology companies in the energy efficiency field (services and technologies focused on renewable energy).	2. **Power storage:** companies that produce batteries and other sources of power storage (for residences, industry and transportation vehicles) (products, services and infrastructure).	3. **Transport (for electric vehicles only):** companies that produce electric vehicles (products and technologies only).	4. **Energy management and distribution:** companies that build or maintain infrastructure related to power distribution (products, services and infrastructure).

THEMATIC CONDITIONS[29]

Certifications (voluntary): - ISO 50001 (or equivalent) - ISO 14001 (or equivalent) **Additional conditions (mandatory):** - Comply with national regulations (if applicable) - Comply with national certification bodies (if applicable)	**Certifications (highly recommended):** - ISO 50001 (or equivalent) - ISO 14001 (or equivalent) - IEC 61427 (or equivalent) - UL 9540[34] (or equivalent) **Initiatives or associations (voluntary):** - Member of the Energy Storage Association[35] (or equivalent) **Additional conditions (mandatory):** - Comply with national regulations (if applicable) - Comply with national certification bodies (if applicable)	**Certifications (voluntary):** - ISO 50001 or equivalent) - ISO 14001 (or equivalent) **Initiatives or association (voluntary):** - Member of World Electric Vehicle Association[36] - European Association for Electromobility[37] - Electric Vehicle Association of Asia Pacific[38] **Additional conditions (mandatory)** - Comply with the conditions highlighted in the previous thematic condition above (business type 2)	**Certifications (voluntary):** - ISO 50001 (or equivalent) - ISO 14001 (or equivalent) - IEEE P2030.3 - M/490[39] (or equivalent) (European companies only) (smart grids) **Additional conditions (mandatory):** - Comply with national regulations (if applicable) - Comply with national certification bodies (if applicable)

FINANCIAL CONDITIONS[30]

For companies that directly provide products, services, infrastructure and services:

1. Identify if a company or organisation generates its revenues from one or more business type highlighted in the criteria and thematic conditions;
2. For organisations that fulfil the conditions above, identify only those that generate more than 70%[31] of their direct revenues through energy efficiency products, services, technologies and projects as highlighted in this document;
3. (If applicable) if a company invests in R&D, determine the percentage of its investments in the targeted theme (minimum 10% of total R&D investment allocation - year);
4. (If applicable) investments in R&D can substitute or complement a company's revenue conditions in item 2;
5. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing, etc.), total direct revenues through these investment types should be greater than 50%[32] of total revenues.

For suppliers that provide crucial components or services to the business types highlighted in this theme:

1. Identify if a company or organisation generates its revenues from one or more business type highlighted in the criteria and thematic conditions;
2. For those organisations that fulfil the conditions above, identify only companies and organisations that generate 100%[33] of their direct revenues through energy efficiency products, services, technologies and projects;
3. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing, etc.) highlighted in the thematic conditions box, total direct revenues through these investment types should be greater than 70% of total revenues.

Common KPIs		
IRIS ID	Name	Definition
PI8330	Client individuals: female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: low income	Number of unique low income individuals who were clients of the organisation during the reporting period.
PD5578	Energy consumption of product replaced	Amount of energy that would have been used by the replaced product during the lifetime of the organisation's product.
PI7623	Energy savings from products sold	Amount of energy savings over the lifetime of the product for those products that were sold by the organisation during the reporting period.
PD4927	Energy savings from services sold	Amount of energy savings due to the organisation's services that were sold during the reporting period.
PD2243	Greenhouse gas emissions of product replaced	Amount of greenhouse gases that would have been emitted by the replaced product during the lifetime of the organisation's product.
PI5376	Greenhouse gas reductions due to products sold	Amount of reductions in greenhouse gas emissions over the lifetime of products sold during the reporting period.

ADDITIONAL INFORMATION

- Financial incentives provided by a third party (i.e. governmental agency, non-governmental organisation or private entities) to support a company's operations targeting this thematic investment would be included as revenues/assets under management.
- Unless explicitly highlighted, investments related to ESG considerations (a company's inputs) and internal operations (i.e. low carbon footprint practices) will not be included in this theme.
- A company's investments in grants, philanthropic initiatives and/or investments with no capital gains will not be included.
- A company's impact on the environmental and social groups and individuals generated by philanthropic or corporate social responsibility (CSR) projects and programmes will not be included.
- A company's financial operations (i.e. company A purchases green bonds from company B) will not be included as a thematic investment and should not be included in its thematic investment revenues/assets.
- Only a company's direct products, services, technologies and infrastructure related to this specific theme will be included in this thematic investment (i.e. company A providing machinery to company B that produces electric vehicles will not be included).
- Only direct revenues generated by products, services, technologies and infrastructure in the thematic investment above will be considered.

1. Andrea Newell (2015) "Clean Tech"--Are These Companies Any Different? Scientific American. Available at: https://www.scientificamerican.com/article/clean-tech-differences/ (Accessed: 2016).
2. Chai Energy (N/A) Chai Energy intro, Available at: https://chaienergy.com/ (Accessed: 2017).
3. Smappee (2018) Smappee, Available at: https://www.smappee.com/uk/home (Accessed: 2016).
4. International Energy Agency (2017) Energy Efficiency 2017. International Energy Agency. Available at: http://www.iea.org/publications/freepublications/publication/Energy_Efficiency_2017.pdf (Accessed: 2017).
5. All the topics in energy efficiency for buildings will be part of a specific theme of the Market Map (Green Buildings).
6. All the topics in energy efficiency for buildings will be part of a specific theme of the Market Map (Green Buildings).
7. Includes all types of non-renewable energy, such as nuclear power.
8. The rational for this approach is based on the necessity to align this theme with other themes of the Market Map, including the renewable energy and green building themes.
9. The majority of the participants of the consultation process agreed with this approach to help define companies in this field.
10. Household appliances are considered as common products and not impact investing products, except for those household appliances designed for marginalised groups and low-income groups.
11. More than 180 organisations participated in the Market Map consultation process to review and improve this methodology.
12. This includes electric vehicles and industrial operations.
13. Such as turbines, motors and engines.
14. Such as cloud computing and data optimisation systems.
15. Such as wireless sensors, advanced meters and smart grids.
16. MSCI (2016) MSCI ACWI Sustainability Impact Index Methodology. MSCI. Available at: https://www.msci.com/eqb/methodology/meth_docs/MSCI_Sustainable_Impact_Index_May2016.pdf (Accessed: 2016).
17. For more information on renewable energy, please see the Market Map definition of and methodology on renewable energy thematic investments.
18. This includes private, commercial and public vehicles that use renewable energy sources.
19. United Nations (2014) Transport: International Association of Public Transport. United Nations. Available at: http://www.un.org/climatechange/summit/wp-content/uploads/sites/2/2014/07/TRANSPORT-Action-Plan-UITC_revised.pdf (Accessed: 2016).
20. The PRI did not include some sub-themes due to their complexity or lack of resources to integrate in the current methodology.
21. Such as turbines, motors and engines.
22. Such as cloud computing and data optimisation systems.
23. Such as wireless sensors, advanced meters and smart grids.
24. MSCI (2016) MSCI ACWI Sustainability Impact Index Methodology. MSCI. Available at: https://www.msci.com/eqb/methodology/meth_docs/MSCI_Sustainable_Impact_Index_May2016.pdf (Accessed: 2016).
25. For more information on renewable energy, please see the Market Map definition of and methodology on renewable energy thematic investments.
26. This includes private, commercial and public vehicles that use renewable energy sources.
27. United Nations (2014) Transport: International Association of Public Transport. United Nations. Available at: http://www.un.org/climatechange/summit/wp-content/uploads/sites/2/2014/07/TRANSPORT-Action-Plan-UITC_revised.pdf (Accessed: 2016).
28. Suppliers are included in this category.
29. For more information on the thematic conditions (certifications, initiatives) and their requirements (mandatory, highly recommended and voluntary), please see Appendix 1.
30. All financial conditions presented in this section are based on the companies' benchmark, data providers (i.e. MSCI, FTSE) and main outputs agreed by the participants of the Impact Investing Market Map consultation process.
31. Percentage defined based on a company's benchmark and reviewed by the participants of the Impact Investing Market Map consultation.
32. This percentage is based on the methodology condition developed by other data providers such as FTSE and MSCI.
33. This reference is based on the results of the consultation process of the Impact Inventing Market Map from December 2017 to February 2018.
34. UL (2016) UL Issues First UL 9540 Certified Home Energy Storage System to Enphase Energy. UL. Available at: https://www.ul.com/newsroom/pressreleases/ul-issues-first-ul-9540-certified-home-energy-storage-system-to-enphase-energy/ (Accessed: 2016).
35. Energy Storage Association (N/A) Vision and Mission, Available at: http://energystorage.org/about/vision-and-mission (Accessed: 2016).
36. World Electric Vehicle Association (N/A) World Electric Vehicle Association, Available at: http://www.worldelectricvehicleassociation.info (Accessed: 2016).
37. European Association for Electromobility (N/A) European Association for Electromobility, Available at: https://www.avere.org (Accessed: 2016).
38. Electric Vehicle Association of Asia Pacific (N/A) Electric Vehicle Association of Asia Pacific, Available at: http://www.evaap.org (Accessed: 2017).
39. CEN (N/A) Smart grids, Available at: https://www.cencenelec.eu/standards/Sectors/SustainableEnergy/SmartGrids/Pages/default.aspx (Accessed: 2017).

GREEN BUILDINGS

Brief presentation

Green building projects are well known to companies in this field, as well as by investors and policy makers. The US is among the leaders in this sector, followed by Australia, Germany, Norway, the UK, Singapore, South Africa, United Arab Emirates (UAE) and Brazil[40].

A recent study by Market Research Future[41] found that the global green building market is expected to grow at a CAGR of 10.12% from 2017 to 2023. It relies entirely on certifications provided by third-party organisations[42] or national bodies[43] and standards. However, government bodies have their own standards for green buildings which may conflict with third-party certifications or with other countries' green building norms and policies. While government bodies may adopt unique conditions for green buildings that are difficult to replicate in other countries, third-party organisations design specific certifications for green buildings that sometimes cannot be compared to or aligned with other certifications.

This is because different certifications address different practices or technologies, from structural efficiency to energy efficiency, water efficiency, materials efficiency, as well as indoor environmental quality enhancement, operations and maintenance optimisation, and waste and toxics reduction.

The industry is also continually developing new approaches to more sustainable and green infrastructure. The market has seen the rise of net zero building[44] constructions and green building projects that are aligned with the concept of the circular economy, including the net zero community[45] concept.

The uniqueness of green buildings creates challenges and opportunities in developing a clear definition and measurements to frame this theme. Moreover, related literature does not separate green buildings from impact and mainstream investing, and it is fair[46] to say that green building approaches, practices and products contribute directly to positive environmental and social impacts, including climate change mitigation and themes that are related to the circular economy and the SDGs.

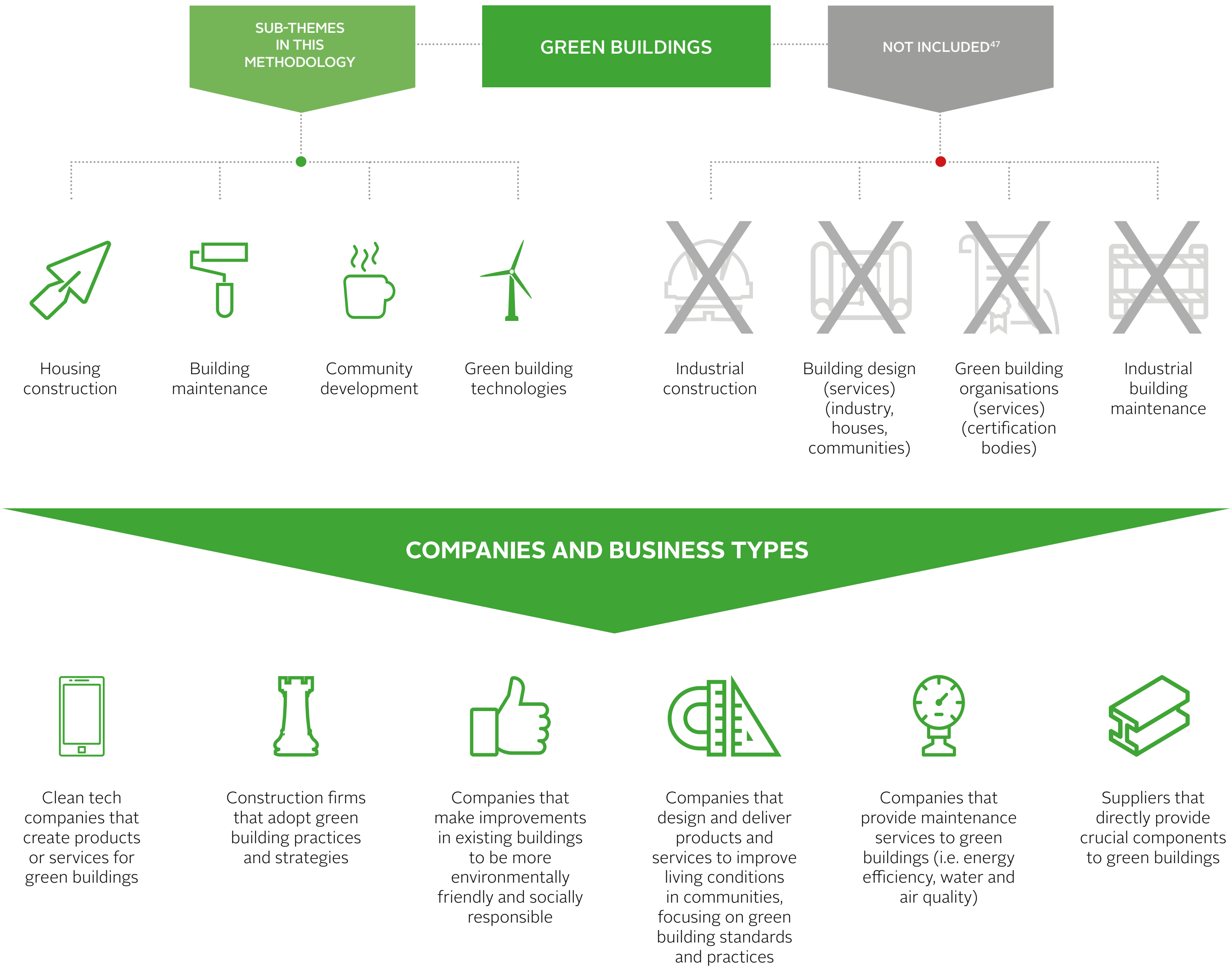
Against this backdrop, the PRI studied several reports, studies, analyses by certification agencies and global data providers to identify a common definition of green building investments. The approach taken was to identify a green building definition that was aligned with most of the available certifications and which provides a good baseline for generic investments in this field.

> "The PRI's Market Map project has produced something that isn't just aspirational; it's operational. It offers a replicable analytical approach, based on a global consultative process, that is both structured and nuanced. For organisational leaders, executives, and investors, this document provides a pathway to the consistent application of criteria, which is critical to scaling impact, while also maintaining a clear focus on the reason for impact investing: the targeted impact itself".
>
> Mark Newberg, Director of Impact Strategies, Womble Bond Dickinson (US) LLP

DESIGNING THE METHODOLOGY

The PRI adopted the definition provided in its Reporting Framework:

"Companies that generate their revenues from buildings designed, constructed, operated, maintained, renovated and destroyed using environmentally-friendly and resource-efficient processes".



Based on the above, the following pages are structured as a form containing information to identify impact investing companies in this theme. The form includes:

- a basic definition of the theme;
- thematic (i.e. business type) and financial (i.e. basic thresholds to determine an impact investing company) conditions; and
- a list of common KPIs used by practitioners and international organisations to measure the environmental and social performance of a specific theme.

GREEN BUILDINGS AND THE SDGS

As mentioned previously, the Market Map was designed using two different but complementary frameworks: the PRI Reporting Framework and the SDGs.

This section presents the main SDG(s) and its/their targets associated with green building sub-themes and business types, based on an internal study conducted by the PRI SDG team and key stakeholders.

The goal of this section is to inform and contribute to discussions on the SDGs and impact investments. Organisations and individuals may use the information to align their thematic investments with the SDGs and/or compare their work in this field to the Market Map.

FINAL COMMENTS

It is important to mention that this version of the Market Map focuses on the sub-themes highlighted above, and that the PRI may include additional sub-themes and business types in future work.

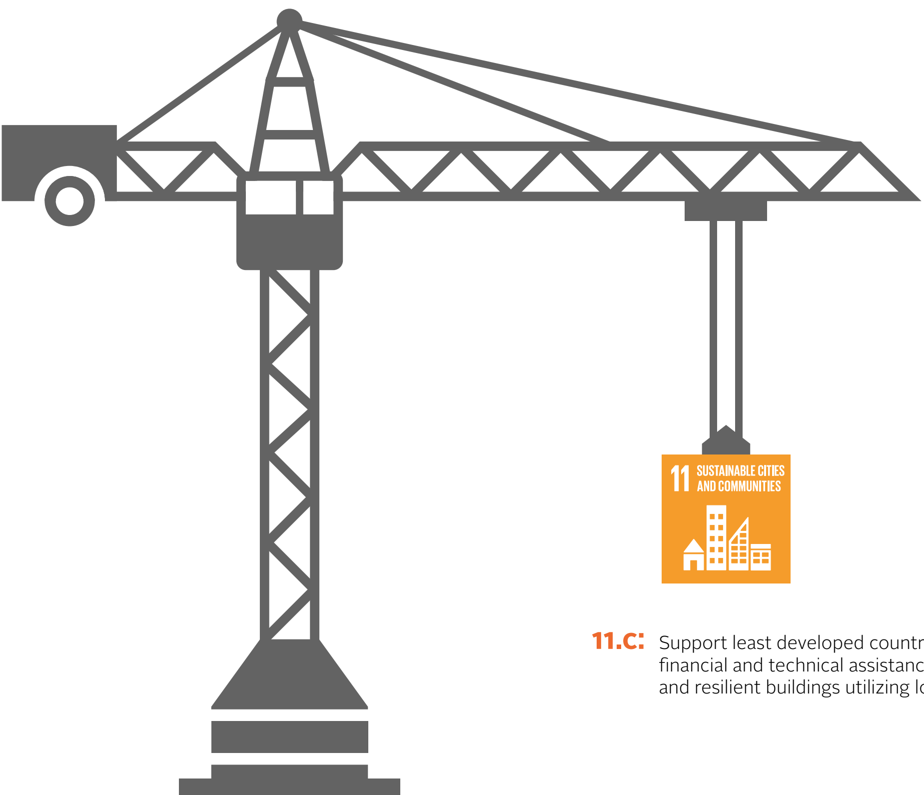
This version also includes common KPIs to assess the social and environmental impacts of specific themes and sub-themes. At this stage, the PRI uses KPIs from the IRIS catalogue, but may include additional KPIs from other organisations (i.e. GRI, UNGC, SASB, and IFC standard indicators) in future versions.

The information provided in this theme is not designed to serve as a standard for impact investing companies operating in a specific theme or field. However, it can be used as a generic reference to assess companies in the energy efficiency field or as a primary condition that a fund manager or investor can consider when evaluating potential investments.

The PRI and project partners do not differentiate or provide a ranking to determine which sub-theme is more impactful or advocate a specific theme or SDG.

Lastly, the Market Map is a tool to be refined and reviewed over time; this document is based on information currently available in the investment industry.

The PRI identified the following SDG and associated target aligned with the green buildings thematic investment:



11.C: Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials

GREEN BUILDINGS

THEMATIC INVESTMENT

11 SUSTAINABLE CITIES AND COMMUNITIES

Definition

Companies that generate their revenues from buildings designed, constructed, operated, maintained, renovated and destroyed using environmentally-friendly and resource-efficient processes[48]. Source: PRI.

Criteria

Information is based on a study developed by the PRI, and assessed and validated by project stakeholders and participants of the Market Map consultation. The criteria target companies that operate directly in the green building field and comply with two or more thematic conditions listed below. International or national certification is an essential condition that any company that invests in projects, services or infrastructure targeting green buildings should comply with. Since certifications on green buildings vary drastically and most companies in this sector follow country policies, the PRI identified the following initiatives and investment types to identify companies in this sector.

BUSINESS TYPE[49]

1. **Green building technologies:** clean tech companies that create products or services for green buildings.

2. **Housing construction:** construction firms that adopt green building practices and strategies.

3. **Building maintenance:** i) Companies that make improvements in existing buildings to be more environmentally friendly and socially responsible ii) Companies that provide maintenance services to green buildings (i.e. energy efficiency, water and air quality).

4. **Community development:** companies that design and deliver products and services to improve living conditions in communities, focusing on green building standards and practices.

THEMATIC CONDITIONS[50]

Certifications (voluntary):

- ISO 50001 (or equivalent)
- ISO 14001 (or equivalent)

Additional conditions (mandatory):

- Comply with national regulations
- Comply with national certification bodies

Certifications (mandatory) (one certification minimum):

- Green Globes/Green Building Initiative[55] (or equivalent)
- US Green Building Council[56]
- Green Building Council of South Africa[57]
- Green Building Certification Institute[58] (or equivalent)
- Excellence in Design for Greater Efficiencies[59] (or equivalent)
- Other local environmental performance standards or environmental design standards (or equivalent)

Initiatives or associations (voluntary):

- World Green Building Council[60]
- The Association for the Environmental Consensus Building[61]
- National association related to green building promotion and accountability

Additional conditions (mandatory):

- Comply with national regulations (if applicable)
- Comply with national certification bodies (if applicable)

Certifications (mandatory) (one certification minimum)

- ISO 14001 (or equivalent)
- Excellence in Design for Greater Efficiencies[62] (or equivalent)
- BOMA 360[63] (or equivalent)
- TRUE Zero Waste[64] (or equivalent)
- Other local environmental performance standards or environmental design standards

Initiatives or association (voluntary):

- UK Green Building Council (or equivalent)
- World Green Building Council (or equivalent)
- The Association for the Environmental Consensus Building (or equivalent)
- Green Building Index (or equivalent)
- Any other local, national or international initiative or association

Additional conditions (mandatory)

- Comply with national regulations
- Comply with national certification bodies

Certifications (mandatory) (one certification minimum):

- ISO 3710[65] 1(or equivalent)
- Parksmart[66]
- SITES[67]
- TRUE Zero Waste[68]
- Leadership in Energy and Environment Design (LEED)[69]
- Green Globes[70]

Initiatives or association (voluntary):

- UK Green Building Council (or equivalent)
- World Green Building Council (or equivalent)
- The Association for the Environmental Consensus Building (or equivalent)
- Green Building Index (or equivalent)
- Any other local, national or international initiative or association

Additional conditions (mandatory):

- Comply with national regulations
- Comply with national certification bodies

FINANCIAL CONDITIONS[51]

For companies that directly provide products, services, infrastructure and services:

1. Identify if a company or organisation generates its revenues from one or more product, service, technology or infrastructure as highlighted in the criteria and thematic conditions;
2. For organisations that fulfil the conditions above, include only those that generate more than 50%[52] of their direct revenues from green building products, infrastructure, projects and technologies as highlighted in this methodology;
3. (If applicable) if a company invests in R&D, determine the percentage of its investments in the targeted theme (minimum 10% of total R&D investment allocation);
4. (If applicable) investments in R&D can substitute or complement a company's revenue conditions in business type item 2;
5. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing), total direct revenues through these investment types should be greater than 50%[53] of total revenues.

For suppliers that provide crucial components or services to the business types highlighted in this theme:

1. Identify if a company or organisation generates its revenues from one or more business type highlighted in the criteria and thematic conditions;
2. For those organisations that fulfil the conditions above, identify only companies and organisations that generate 100%[54] of their direct revenues through green building products, services, technologies and projects;
3. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing) highlighted in the thematic conditions, total direct revenues through these investment types should be greater than 70% of total revenues.

Common KPIs

IRIS ID	Name	Definition
PI8330	Client individuals: female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client Individuals: poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: low income	Number of unique low income individuals who were clients of the organisation during the reporting period.
PI2491	Number of housing units constructed	Number of housing units constructed by the organisation during the reporting period.
PI6058	Number of housing units improved	Number of housing units improved or refurbished by the organisation during the reporting period.
PI1586	Building area of energy efficiency improvements	Area of buildings projected to receive energy efficiency improvements as a result of investments made by the organization during the reporting period.
PI9170	Area of buildings reused	Area of buildings projected to be renovated/remodelled that qualify for building reuse as a result of investments made by the organisation during the reporting period.

ADDITIONAL INFORMATION

- Financial incentives provided by a third party (i.e. governmental agency, non-governmental organisation or private entities) to support a company's operations targeting this thematic investment would be included as revenues/assets under management.
- Unless explicitly highlighted in this document, investments related to ESG considerations (a company's inputs) and internal operations (i.e. low carbon footprint practices) will not be included in this theme.
- A company's investments in grants, philanthropic initiatives and/or investments with no capital gains will not be included.
- A company's impact on the environmental and social groups and individuals generated by philanthropic or corporate social responsibility (CSR) projects and programmes will not be included.
- A company's financial operations (i.e. company A purchases green bonds from company B) will not be included as a thematic investment and should not be included in its thematic investment revenues/assets.
- Only a company's direct products, services, technologies and infrastructure related to this specific theme will be included in this thematic investment (i.e. company A providing machinery to company B that produces electric vehicles will not be included).
- Only direct revenues generated by products, services, technologies and infrastructure in the thematic investment above will be considered.

40. McGraw Hill Construction (2015) WORLD GREEN BUILDING TRENDS: Business Benefits Driving New and Retrofit Market Opportunities In Over 60 Countries. McGraw Hill Construction. Available at: http://naturalleader.com/wp-content/uploads/2016/04/McGrawHillGBStudy.pdf (Accessed: 2016).

41. Market Research Future (2018) Green Building Market Research Report - Forecast To 2023. Market Research Future. Available at: https://www.marketresearchfuture.com/reports/green-building-market-4982 (Accessed: 2018).

42. In most cases, a private or non-governmental entity.

43. U.S. Department of Energy (N/A) Energy-Saving Homes, Buildings, and Manufacturing, Available at: https://energy.gov/eere/efficiency (Accessed: 2017).

44. U.S. Department of Energy (2015) A Common Definition for Zero Energy Buildings. U.S. Department of Energy. Available at: https://energy.gov/sites/prod/files/2015/09/f26/bto_common_definition_zero_energy_buildings_093015.pdf (Accessed: 2016).

45. US Department of Energy defines zero net community as "An energy-efficient community where, on a source energy basis, the actual annual delivered energy is less than or equal to the on-site renewable exported energy".

46. During the Market Map consultation process, the 180 organisations that participated in the consultation agreed that there is no need to create a specific definition or sub-definition for green buildings in the impact investing field.

47. Certain sub-themes were not included due to their complexity or lack of resources to integrate them in the methodology.

48. The PRI's definition used in the Market Map and in the Reporting Framework.

49. Suppliers are included in this category.

50. For more information on the thematic conditions (certifications, initiatives) and their requirements (mandatory, highly recommended and voluntary), please see Appendix 1.

51. All financial conditions presented in this section are based on the companies' benchmark, data providers (i.e. MSCI and FTSE) and main outputs agreed by the participants of the Impact Investing Market Map consultation process.

52. Percentage defined based on a company's benchmark and reviewed by the participants of the Impact Investing Market Map consultation.

53. This percentage is based on the methodology condition developed by other data providers such as FTSE and MSCI.

54. This reference is based on the results of the consultation process of the Impact Inventing Market Map from December 2017 to February 2018.

55. The Green Building Initiative (N/A) The Green Building Initiative, Available at: http://www.thegbi.org/ (Accessed: 2016).

56. U.S. Green Building Council (USGBC) (N/A) Better buildings are our legacy, Available at: http://www.usgbc.org/ (Accessed: 2016).

57. For more information see: https://www.gbcsa.org.za/

58. For more information, see: http://www.gbci.org/

59. For more information, see: https://www.edgebuildings.com/

60. For more information, see: http://www.worldgbc.org/#

61. For more information, see: http://www.aecb.net/

62. For more information, see: https://www.edgebuildings.com/

63. For more information, see: http://www.boma.org/awards/360-program/Pages/default.aspx

64. For more information, see: https://true.gbci.org

65. For more information, see: https://www.iso.org/standard/61885.html

66. For more information, see: http://parksmart.gbci.org

67. For more information, see: http://www.sustainablesites.org

68. For more information, see: https://true.gbci.org

69. U.S. Green Building Council (USGBC) (N/A) Better buildings are our legacy, Available at: http://www.usgbc.org/ (Accessed: 2016).

70. For more information, see: http://www.greenglobes.com/home.asp

RENEWABLE ENERGY

Brief presentation

Non-conventional energy generation is one of the most well-known industries in the impact investing field, having evolved from an illiquid or early-stage impact market to a mainstream market in the past 15 years.

However, non-conventional energy generation has many sub-concepts such as renewable energy, green power, sustainable energy, clean energy and alternative energy, which may sound similar but are very different in practice

For instance, clean energy refers to energy sources or energy production that do not directly harm the environment[71,72] and society. This includes nuclear energy, clean coal, and gas[73]. However, renewable energy focuses exclusively on energy production that can last for the foreseeable future and does not use fossil fuel inputs for energy creation. Therefore, coal, gas and nuclear energy are excluded from the concept of renewable energy.

In summary, there is a wide pool of definitions and categories, and governmental agencies such as the United States Environmental Protection Agency[74] and international organisations[75] (i.e. OECD and UN bodies[76, 77]) agree that different categories of non-conventional energy have different environmental impacts on, and provide different benefits to, society.

The Market Map focuses on concepts and definitions related to renewable energy only. The rationale to adopt this type of non-conventional energy generation is found in the United Nations General Assembly[78] (2011) for renewable energy and in the SDGs. Both stress the need to expand infrastructure and investments in renewable energy sources.

The market is also increasingly adopting and investing in renewable energy sources. A study by Deloitte indicates that many corporations are pledging to generate as much as 100% of their power from renewable sources in the coming years[79]. In addition, PRI data highlights that signatories allocated more than US$900 billion to renewable and alternative energy investments[80] in 2016[81].

"The SDGs both highlight the importance of finance in enabling sustainable development, and present a global agenda through which companies delivering positive impacts will prosper. The challenge for investors lies in how to best capture this opportunity. The Market Map thus provides timely guidance for those wishing to pursue this through their public equities investments – widening the scope of traditional impact investing, whilst calling for rigour, clarity and transparency".

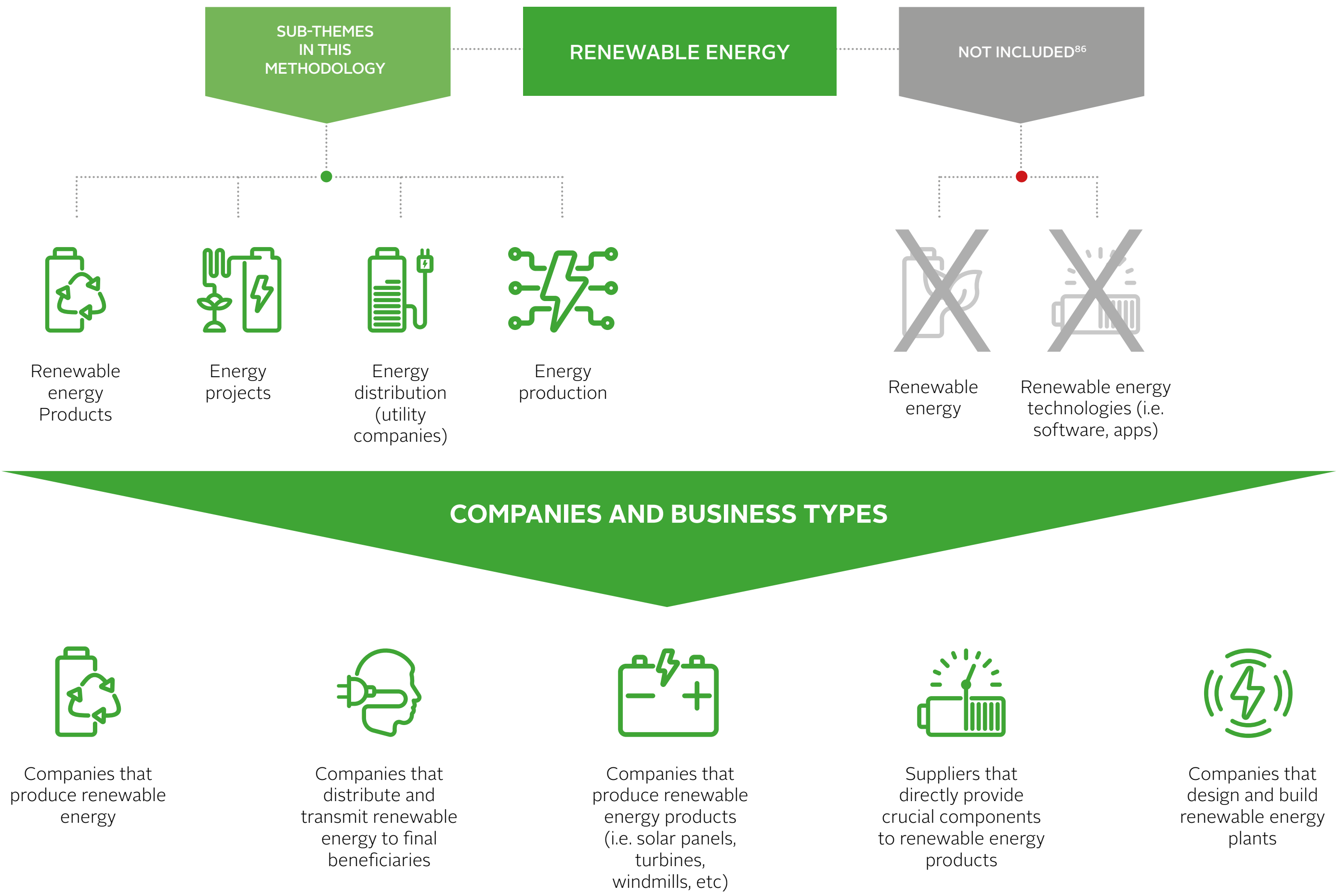
Rose Beale, Thematic Analyst, Columbia Threadneedle Investments

DESIGNING THE METHODOLOGY

The PRI adopted the following MSCI definition:

“Products, services[82] or infrastructure projects supporting the development or delivery of renewable energy and alternative fuels, including: generation, transmission, and distribution of electricity from renewable sources including wind, solar, geothermal, biomass, small scale hydro (25MW), waste energy, and wave and tidal”[83].

However, this definition is not based on international standards or baselines provided by organisations such as the World Bank and OECD. The MSCI definition is based on market perceptions, country policies/regulations[84] and references to the United Nations General Assembly[85] (2011) for renewable energy.



Based on the information above, the following pages are structured as a form containing information to identify impact investing companies in this theme. The form includes:

- a basic definition of the theme;
- thematic (i.e. business type) and financial (i.e. basic thresholds to determine an impact investing company) conditions; and
- a list of common KPIs used by practitioners and international organisations to measure the environmental and social performance of a specific theme.

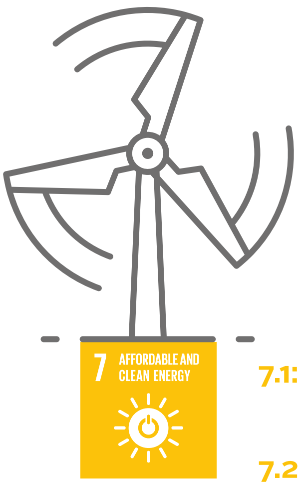
RENEWABLE ENERGY AND THE SDGS

As mentioned previously, the Market Map was designed using two different but complementary frameworks: the PRI Reporting Framework and the SDGs.

This section presents the main SDG(s) and its/their targets associated with the renewable energy sub-themes and business types, based on an internal study conducted by the PRI SDG team and key stakeholders.

The goal of this section is to inform and contribute to discussions on the SDGs and impact investments. Organisations and individuals may use the information provided in this section to align their thematic investments with the SDGs and/or compare their work in this field to the Market Map.

The PRI identified the following SDGs and targets aligned with the renewable energy thematic investment:



7.1: By 2030, ensure universal access to affordable, reliable and modern energy services

7.2: By 2030, increase substantially the share of renewable energy in the global energy mix

7.a: By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology

FINAL COMMENTS

It is important to note that this version of the Market Map focuses on the sub-themes highlighted above, and that the PRI may include additional sub-themes and business types in future work.

This version also includes common KPIs to assess the environmental and social impacts of specific themes and sub-themes. At this stage, the PRI uses KPIs from the IRIS catalogue, but may include additional KPIs from other organisations (i.e. GRI, UNGC, SASB, and IFC standard indicators) in future versions.

The information provided in this theme is not designed to serve as a standard for impact investing companies operating in a specific theme or field. However, it can be used as a generic reference to assess companies in the renewable energy field or as a primary condition that a fund manager or investor can consider when evaluating potential investments.

The PRI and project partners do not differentiate or provide a ranking to determine which sub-theme is more impactful or advocate a specific theme or SDG.

Lastly, the Market Map is a tool to be refined and reviewed over time; this document is based on current information available in the investment industry.

RENEWABLE ENERGY

THEMATIC INVESTMENT

7 AFFORDABLE AND CLEAN ENERGY

Definition

"Products, services[87] or infrastructure projects supporting the development or delivery of renewable energy and alternative fuels, including: generation, transmission, and distribution of electricity from renewable sources including wind, solar, geothermal, biomass, small scale hydro (25MW), waste energy, and wave and tidal"[88]. Source: MSCI.

Criteria

Information provided in section is based on a study developed by the PRI, and assessed and validated by project stakeholders and participants of the Market Map consultation. Unlike other thematic investments, renewable energy thematic investments lack specific or harmonised standardisation (i.e. certifications, regulations, country policies) and there are many concepts available (i.e. countries and international organisations define renewable energy differently) to identify and measure renewable energy or other non-conventional energy generation sources. Based on these conditions, the PRI's criteria focus on companies engaged in renewable energy based on their business and investment types, as highlighted below, and by broad certifications and initiatives available to define a company in this industry.

BUSINESS TYPE[89]

1. **Energy production:** companies that produce renewable energy (wind, solar, geothermal, biomass, small-scale hydro, waste energy and wave and tidal).
2. **Energy distribution:** utility companies, companies that operate in the field of energy distribution and transmission (wind, solar, geothermal, biomass, small-scale hydro, waste energy and wave tidal).
3. **Energy projects:** companies that design and build renewable energy plants (wind, solar, geothermal, biomass, small-scale hydro, waste energy and wave and tidal).
4. **Energy products:** companies that produce energy products (i.e. turbines, solar panels).

THEMATIC CONDITIONS[90]

Certifications (voluntary):

- ISO 50001 (or equivalent)
- ISO 14001 (or equivalent)
- Renewable Energy Certificate System (RECS) (US)[92]
- Green Power Programme (Australia)[93]
- SPARK (Canada)[94]

Initiatives or association (voluntary):

- SPARK (Canada)[95]
- Global Geothermal Alliance (GGA)[96]
- International Renewable Energy Agency (IRENA)[97]
- International Solar Alliance (ISA) [98]
- United for Efficiency (U4E) [99]
- Sustainable Energy Marketplace [100]
- Renewable Energy and Energy Efficiency Partnership (REEEP) [101]
- International Energy Agency (IEA) [102]
- Renewable Energy Policy Network for the 21st Century (REN21)[103]

Additional conditions (mandatory):

- Comply with national regulations
- Comply with national certification bodies

FINANCIAL CONDITIONS[91]

For companies that directly provide products, services, infrastructure and services:

1. Identify if a company or organisation generates its revenues from one or more product, service, technology or infrastructure as highlighted in the criteria and the thematic conditions;
2. For those organisations that fit into the criteria above, identify companies and projects (if applicable) that generate at least 70% of their direct revenues from renewable energy products or services;
3. For utility companies only, comply with business type item 1 and identify utility companies that generate at least 20% of their direct revenues from renewable energy distribution or transmission;
4. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing), total direct revenues through these investment types should be greater than 50%[104] of total revenues.

For suppliers that provide crucial components or services to the business types highlighted in this theme:

1. Identify if a company or organisation generates its revenues from one or more business type highlighted in the criteria and thematic conditions;
2. For those organisations that fulfil the conditions above, identify only companies and organisations that generate 100%[105] of their direct revenues through renewable energy, services, technologies and projects.
3. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing) highlighted in the thematic conditions, total direct revenues through these investment types should be greater than 70% of total revenues.

Common KPIs		
ID	Name	Definition
PI8330	Client individuals: female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: low income	Number of unique low income individuals who were clients of the organisation during the reporting period.
PI5842	Energy generated for sale: renewable	Amount of renewable energy generated and sold to off-taker(s) during the reporting period.

ADDITIONAL INFORMATION

- Financial incentives provided by a third party (i.e. governmental agency, non-governmental organisation or private entities) to support a company's operations targeting this thematic investment would be included as revenues/assets under management.
- Unless explicitly highlighted in this document, investments related to ESG considerations (a company's inputs) and internal operations (i.e. low carbon footprint practices) will not be included in this theme.
- A company's investments in grants, philanthropic initiatives and/or investments with no capital gains will not be included.
- A company's impact on the environmental and social groups and individuals generated by philanthropic or corporate social responsibility (CSR) projects and programmes will not be included.
- A company's financial operations (i.e. company A purchases green bonds from company B) will not be included as a thematic investment and should not be included in its thematic investment revenues/assets.
- Only a company's direct products, services, technologies and infrastructure related to this specific theme will be included in this thematic investment (i.e. company A providing machinery to company B that produces electric vehicles will not be included).
- Only direct revenues generated by products, services, technologies and infrastructure in the thematic investment above will be considered.

71. Clean energy focuses on creating little, if any, net greenhouse gas emissions.

72. UNFCCC (2001) Renewable Energy Supply. UNFCCC. Available at: http://unfccc.int/resource/cd_roms/na1/mitigation/Resource_materials/Greenhouse_Gas_Mitigation_Assessment_Guidebook_1995/chap09.pdf (Accessed: 2016).

73. For more information, see: https://cleantechnica.com/clean-energy/

74. For more information, see: https://www.epa.gov/greenpower/what-green-power

75. In 2011, the United Nations General Assembly stressed the importance of investing in and promoting new and renewable sources of energy.

76. Richard Ottinger, Adrian Bradbrook, David Goldstein, Katherine Kennedy, Philip Musegaas, Ethan Rogers, Ibibia Worika, Ohn Bowie, David Hodas, Teresa Malyshev, Richard Ottinger, Alexandra Warwick (2016) UNEP Guide for Energy Efficiency and Renewable Energy Laws. UNEP. Available at: https://wedocs.unep.org/bitstream/handle/20.500.11822/9932/UN-Environment-Guide.pdf?sequence=1&isAllowed=y (Accessed: 2016).

77. United Nations (2011) Promotion of new and renewable sources of energy. United Nations. Available at: http://www.un.org/esa/dsd/resources/res_pdfs/ga-66/SG%20report_Promotion_new_renewable_energy.pdf (Accessed: 2016).

78. United Nations (2011) Promotion of new and renewable sources of energy. United Nations. Available at: http://www.un.org/esa/dsd/resources/res_pdfs/ga-66/SG%20report_Promotion_new_renewable_energy.pdf (Accessed: 2016).

79. Deloitte (2017) Trends to watch in alternative energy Firmly entrenched in the mainstream, alternative energy's momentum accelerates. Deloitte [Online]. Available at: https://www2.deloitte.com/content/dam/Deloitte/tr/Documents/energy-resources/trends-to-watch-in-alternative-energy-2.pdf (Accessed: 2017).

80. This includes investment vehicles (i.e. green bonds), funds and direct investments in companies.

81. Base on PRI signatory data provided by the 2016 PRI Transparency Report.

82. Services related to energy distribution only.

83. For more information, see the MSCI Sustainable Impact Methodology Index 2016.

84. It is important to mention that the MSCI definition on renewable energy does not include large hydro plants, since there is no common approach to define hydropower as a renewable energy source. For instance, some countries consider hydropower renewable energy for power plants with less and 10MW capacity, others 25MW (the US) and for others, such as Brazil and South Africa, there is no limit.

85. United Nations (2011) Promotion of new and renewable sources of energy. United Nations. Available at: http://www.un.org/esa/dsd/resources/res_pdfs/ga-66/SG%20report_Promotion_new_renewable_energy.pdf (Accessed: 2016).

86. The PRI didn't include some sub-themes due to their complexity or lack of resources to be integrated in the current methodology.

87. Services related to energy distribution only.

88. For more information, see the MSCI Sustainable Impact Methodology Index 2016.

89. Suppliers are included in this category.

90. For more information on the thematic conditions (certifications, initiatives) and their requirements (mandatory, highly recommended and voluntary), please see Appendix 1.

91. All financial conditions presented in this section are based on the companies' benchmark, data providers (i.e. MSCI, FTSE) and main outputs agreed by the participants of the Impact Investing Market Map consultation process.

92. For more information, see: http://www.recs.org/

93. For more information, see: http://www.greenpower.gov.au/About-Us/What-Is-GreenPower/#

94. For more information, see: http://sparkyourpower.ca/how-it-works/

95. For more information, see: http://sparkyourpower.ca/how-it-works/

96. For more information, see: https://www.geothermal-energy.org/

97. For more information, see: http://www.irena.org/

98. For more information, see: http://www.intsolaralliance.org/index.html

99. For more information, see: http://united4efficiency.org/

100. For more information, see: http://marketplace.irena.org/

101. For more information, see: https://www.reeep.org/

102. For more information, see: https://www.iea.org/

103. For more information, see: http://www.ren21.net/

104. This percentage is based on the methodology condition developed by other data providers such as FTSE and MSCI.

105. This reference is based on the results of the consultation process of the Impact Inventing Market Map from December 2017 to February 2018.

SUSTAINABLE AGRICULTURE

Brief presentation

Sustainable agriculture as a thematic investment is relatively new in the impact investing industry; but while few companies currently work or invest in this area, it is a growing market[106]. Indeed, the global market value of sustainable agriculture products (including ethically-labelled packaged food) is projected to grow from US$793.3 billion in 2015 to US$872.7 billion by 2020[107].

Sustainable agriculture generally focuses on products, services and practices that ensure the protection of local economic, social and natural interests. Companies may adopt a variety of certifications and practices to align their agribusinesses with sustainable standards and country regulations. However, since this is a relatively new thematic investment, there is still an array of definitions of sustainable agriculture, and countries define standards and sustainable agriculture practices differently.

For example, some countries[108] adopt policies to align sustainable agriculture with organic practices. In other countries, sustainable agriculture is not necessarily linked to organic farming or practices. In fact, sustainable agriculture certifications do not differentiate certain agriculture inputs, such as seed types (organic, hybrid or genetically modified organisms – GMO) and focus instead on farming processes, land use and community, and ecosystems involved in the agriculture businesses. As such, organic farming is not necessarily related to sustainable farming.

Since the concept of sustainable agriculture is broad, it allows organisations to tailor their investments in this area. For example, some companies may invest in farmers' quality of life (human rights), but not in water or soil management. As a result, business benchmarking[109] is difficult to develop[110] in this field[111].

Overall, the market relies on third-party or national certifications to ensure that companies are operating in a sustainable agriculture market. But there are many different types of certification in this industry, including over 20 types of sustainable agriculture certifications.

Some certifications are designed for different types of companies, processes, sustainable targets and sustainable practices, such as the Protected Harvest certification, which covers farmers, buyers and customers[112]. As a result, the focus and scope of certifications may differ drastically, making it more difficult for investors and companies to compare sustainable agriculture businesses.

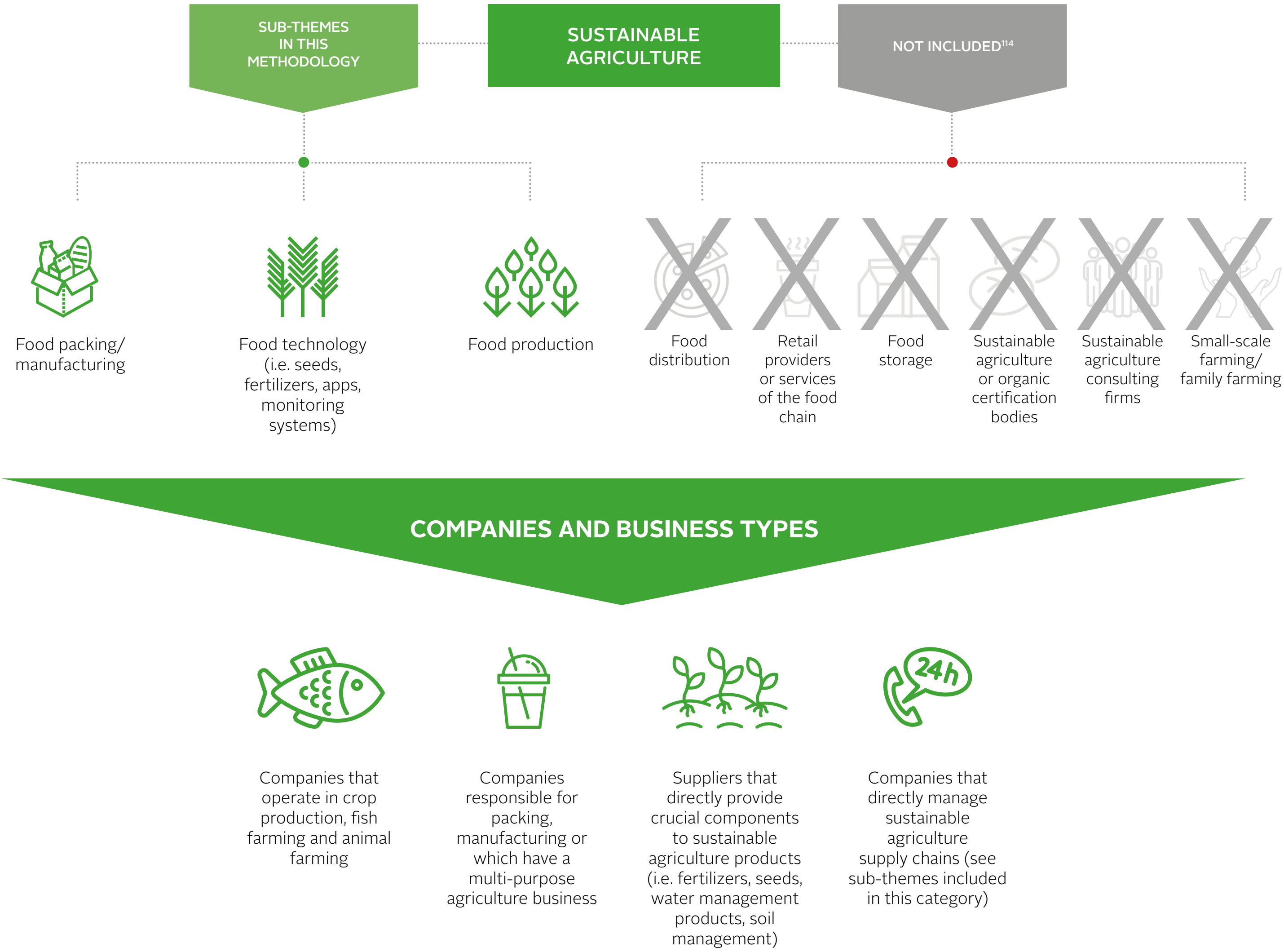
Based on these challenges, the PRI reviewed several reports and studies from international organisations and found significant symmetry among UN conventions and international organisations. The Food and Agriculture Organisation (FAO) and other UN bodies have clear principles and approaches to define sustainable agriculture and provide direction to design criteria for this theme.

> "The Market Map will go a long way towards achieving a new level of clarity, allowing investors to consistently evaluate whether a company falls within a range that is acceptable in terms of their strategy, as well as assess performance across a portfolio".
>
> Hannah Young, UFF African Agri Investments

DESIGNING THE METHODOLOGY

The definition used by the PRI and its project partners for sustainable agriculture is one adopted by the FAO:

"Sustainable agriculture conserves land, water, and plant and animal genetic resources, and is environmentally non-degrading, technically appropriate, economically viable and socially acceptable"[113].



The following pages are structured as a form containing information to identify impact investing companies in this theme, including:

- a basic definition of the theme;
- thematic (i.e. business type) and financial (i.e. basic thresholds to determine an impact investing company) conditions; and
- a list of common KPIs used by practitioners and international organisations to measure the environmental and social performance of a specific theme.

SUSTAINABLE AGRICULTURE AND THE SDGS

As mentioned previously, the Market Map was designed using two different but complementary frameworks: the PRI Reporting Framework and the SDGs.

This section presents the main SDG(s) and its/their targets associated with the sustainable agriculture sub-themes and business types, based on an internal study conducted by the PRI SDG team and key stakeholders.

The goal of this section is to inform and contribute to discussions on the SDGs and impact investments. Organisations and individuals may use the information provided in this section to align their thematic investments with the SDGs and/or compare their work in this field to the Market Map.

The PRI identified the following SDGs and targets aligned with the sustainable agriculture thematic investment:

2.3: By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment

2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality

15.3: By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world

15a: Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems

FINAL COMMENTS

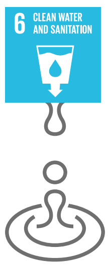
It is important to mention that this version of the Market Map focuses on the sub-themes highlighted above, and the PRI may include additional sub-themes and business types in future work.

This version also includes common KPIs to assess the environmental and social impacts of specific themes and sub-themes. At this stage, the PRI uses KPIs from the IRIS catalogue, but may include KPIs from other organisations (i.e. GRI, UNGC, SASB, and IFC standard indicators) in future versions.

The information provided in this theme is not designed to serve as a standard for impact investing companies operating in a specific theme or field. However, it can be used as a generic reference to assess companies in the sustainable agriculture field or as a primary condition that a fund manager or investor can consider when evaluating potential investments.

The PRI and project partners do not differentiate or provide a ranking to determine which sub-theme is more impactful or advocate a specific theme or SDG.

Lastly, the Market Map is a tool to be refined and reviewed over time; this document is based on information currently available in the investment industry.



6.5: By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate

6.6: By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes

14.1: By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution

SUSTAINABLE AGRICULTURE

THEMATIC INVESTMENT

Definition

"Sustainable agriculture conserves land, water, and plant and animal genetic resources, and is environmentally non-degrading, technically appropriate, economically viable and socially acceptable"[115]. Source: FAO.

Criteria

Information in this section is based on a study developed by the PRI, and assessed and validated by project stakeholders and participants of the Market Map consultation. The FAO's definition of sustainable agriculture adopts five basic principles required to achieve sustainable agriculture practices and projects:

1. Improving efficiency in the use of resources is crucial to sustainable agriculture.
2. Sustainability requires direct action to conserve, protect and enhance natural resources.
3. Agriculture that fails to protect and improve rural livelihoods and social well-being is unsustainable.
4. Enhanced resilience of people, communities and ecosystems is key to sustainable agriculture.
5. Sustainable food and agriculture requires responsible and effective governance mechanisms.

Since these five principles require a variety of inputs and impacts (direct and indirect), this methodology targets companies and projects that apply principles 1, 2, 4 and 5. In addition, it is important to highlight that there are key components of sustainable agriculture policies and practices to tackle the principles above:

- Water management and supply (target principles 1, 2 and 5)
- Soil management and land use (target principles 1, 2 and 5)
- Wildlife conservation (targets principle 2)
- Human rights (targets principle 4)
- Community engagement (targets principle 4)
- Sustainable sourcing (targets principle 2)
- Food security and governance mechanisms (target principle 5)

The PRI's criteria to identify companies that operate in the sustainable agriculture theme are based on a combination of three factors:

a) third-party certification that a specific company/organisation complies with environmental/social standards;

b) membership of one or more initiatives and organisations listed in this document; and

c) specific type of business or investment (the PRI will only include companies that generate revenues from one or more types of sustainable agriculture products or services identified in the criteria below).

BUSINESS TYPE[116]

1. Farming companies: crop producers, shellfish/fish farmers, cattle/animal farmers.	**2. Multipurpose farming company:** packing/ manufacturing/multi-purpose agribusiness companies	**3. Food technology:** companies that develop and produce products for sustainable agriculture businesses such as seeds, fertilizers and monitoring systems.

THEMATIC CONDITIONS[117]

General certification (comply with one or more certifications): - Food Alliance[119] - Protected Harvest[120] - Fair Trade (US) (international) - Bird Friendly Standards (coffee producers only) - MSC Fisheries Management (for shellfish and fish farmers only)[121] - Country-level certification (if applicable) - Any other similar certification aligned with those highlighted above (if applicable, certification should be aligned with ISO 17065)	**Comply with two or more certifications (mandatory):** - ISO 26000[122] (for labour and human rights) - ISO 14001[123] (environmental management) - ISO 17065 (compliance management) - ISO 9001 (quality management) - Food Alliance - Protected Harvest - Fair Trade (US) (international) - Bird-Friendly Standards (coffee producers only) - Country-level certification (if applicable) - Any other similar certification aligned with those highlighted above (if applicable, certification should be aligned with ISO 17065)	**Certifications (voluntary):** - ISO 50001 (or equivalent) - ISO 9001 (quality management) **Additional conditions (mandatory):** - Comply with national regulations - Comply with national certification bodies

Continued over >

THEMATIC CONDITIONS[118]

Food security certification (if applicable) (voluntary):

- SCS Global Services
- Country-level certification (if applicable)
- Any other similar certification

Additional environmental and social management certification (if a company has more than 5,000 employees, comply with one or more certifications below):

- ISO 26000 (for community and human rights)
- ISO 50001 (environmental management)
- ISO 14001 (environmental management)
- Any other certifications that target community improvements, corporate social responsibility and labour protection
- Any other certifications that target environmental protection

Comply with one or more initiative(s):

- Not required/voluntary

Additional conditions (mandatory):

- Comply with national regulations
- Comply with national certification bodies

Comply with one or more initiative(s) (voluntary):

- Sustainable Agriculture Initiative Platform (SAI) [127]
- Ceres [128]
- UN Principles of Sustainable Farming
- Sustainable Agriculture Network [129]
- Any local, regional, national or international initiative

Additional conditions (mandatory):

- Comply with national regulations
- Comply with national certification bodies

FINANCIAL CONDITIONS

For companies that directly provide products, services, infrastructure and services:

1. Identify if a company or organisation generates its revenues from one or more business type highlighted in the criteria and thematic conditions;
2. For those organisations that fit into the criteria above, identify companies and projects (if applicable) that generate at least 15% of their direct revenues from sustainable agriculture products, services or projects;
3. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing), total direct revenues through these investment types should be greater than 50%[124] of total revenues.

For suppliers that provide crucial components or services to the business types highlighted in this theme:

1. Identify if a company or organisation generates its revenues from one or more business type highlighted in the criteria and thematic conditions;
2. For organisations that fulfil the conditions above, identify only those that generate 100%[125] of their direct revenues through sustainable agriculture products, services, technologies and projects;
3. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing) highlighted in the thematic conditions, total direct revenues through these investment types should be greater than 70% of total revenues.

Common KPIs

ID	Name	Definition
PI8330	Client individuals: female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: low income	Number of unique low income individuals who were clients of the organisation during the reporting period.
PD1620	Crop type	Type of crop(s) produced by the organisation during the reporting period
PD4686	Livestock/fish type	Type of livestock product(s) produced by the organisation during the reporting period.
OI5408	Land directly controlled: total	Area of land directly controlled by the organisation during the reporting period.
OI6912	Land directly controlled: sustainably managed	Area of land directly controlled by the organisation and under sustainable cultivation or sustainable stewardship. Report directly controlled land area sustainably managed during the reporting period.

ADDITIONAL INFORMATION

- Financial incentives provided by a third party (i.e. governmental agency, non-governmental organisation or private entities) to support a company's operations targeting this thematic investment would be included as revenues/assets under management.
- Unless explicitly highlighted in this document, investments related to ESG considerations (a company's inputs) and internal operations (i.e. low carbon footprint practices) will not be included in this theme.
- A company's investments in grants, philanthropic initiatives and/or investments with no capital gains will not be included.
- A company's impact on the environmental and social groups and individuals generated by philanthropic or corporate social responsibility (CSR) projects and programmes will not be included.
- A company's financial operations (i.e. company A purchases green bonds from company B) will not be included as a thematic investment and should not be included in its thematic investment revenues/assets.
- Only a company's direct products, services, technologies and infrastructure related to this specific theme will be included in this thematic investment (i.e. company A providing machinery to company B that produces electric vehicles will not be included).
- Only direct revenues generated by products, services, technologies and infrastructure in the thematic investment above will be considered.

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106. Based on PRI data on impact investments from 2016, about 110 investors invest in sustainable agriculture and forestry investments.

107. Sustainable Food Industry Report, Statistical Services, 2018. For more information, see: https://www.statista.com/topics/2217/sustainable-food-industry-statistics-and-facts/

108. Denmark's policy on sustainable and organic agriculture (2015).

109. For instance, major listed companies adopt sustainable practices and sustainable sourcing in their processes to reduce external risks (ESG), mitigate crop price fluctuation and to increase the value of their products without needing certified sustainable agriculture practices.

110. For more information, see: http://www.i-sis.org.uk/SACI.php

111. For more information, see: https://www.nap.edu/read/12832/chapter/8#223

112. For more information, see: http://www.protectedharvest.org/

113. FAO (2014) Building a common vision for sustainable food and agriculture. FAO. Available at: http://www.fao.org/3/a-i3940e.pdf (Accessed: 2016).

114. The PRI did not include some sub-themes due to their complexity or lack of resources to integrate in the current methodology.

115. FAO (2014) Building a common vision for sustainable food and agriculture. FAO. Available at: http://www.fao.org/3/a-i3940e.pdf (Accessed: 2016).

116. Suppliers are included in this category.

117. For more information on the thematic conditions (certifications, initiatives) and their requirements (mandatory, highly recommended and voluntary), please see Appendix 1.

118. All financial conditions presented in this section are based on the company's benchmark, data provides (i.e. MSCI, FTSE) and main outputs agreed by the participants of the Impact Investing Market Map consultation process.

119. For more information, see: http://foodalliance.org

120. For more information, see: http://www.protectedharvest.org

121. For more information, see: https://www.scsglobalservices.com/services/marine-stewardship-council-msc-certification

122. For more information, see: https://www.iso.org/iso-26000-social-responsibility.html

123. For more information, see: https://www.iso.org/iso-50001-energy-management.html

124. This percentage is based on the methodology condition developed by other data providers such as FTSE and MSCI.

125. This reference is based on the results of the consultation process of the Impact Inventing Market Map from December 2017 to February 2018.

126. For more information, see: https://www.iso.org/iso-26000-social-responsibility.html

127. For more information, see: http://www.saiplatform.org

128. For more information, see: https://www.ceres.org/leading-practices-case-studies/digging-sustainable-agriculture

129. For more information, see: https://www.sustainableagriculture.eco

SUSTAINABLE FORESTRY

Brief presentation

UN agencies and international conventions have created basic definitions and conditions for sustainable forestry[130], but these are not acknowledged or adopted by all countries. In the Nordics, governments have been working with companies to develop national standards based on local characteristics and which align with the Programme for the Endorsement of Forest Certification's (PEFC) globally-recognised sustainability benchmarks[132].

Conversely, some countries may have regulations that allow the private sector to create artificial forestry to the detriment of wild forests. Meanwhile, others may have policies that align sustainable forestry businesses with extractive practices and/or companies may not be responsible or accountable for managing and preserving soil[133] and local vegetation (conservation practices[134]).

As a result, private sector companies and investors can only rely on certifications to ensure that impact investing companies are labelled as sustainable forestry, such as the Forestry Stewardship Council (FSC) and the PEFC[135].
However, not all certifications are harmonised. Some focus on maximising wood production and minimising the costs associated with environmental and social impacts[136]; others focus on integrating practices related to sustainable forestry management and conservation, as well as adopting indicators to measure social, environmental and cultural impacts.

Nevertheless, the international community agrees[137] that sustainable forestry models should focus on facilitating the adoption of "mechanisms that not only ensure sustainable forestry and conservation, but also provide satisfactory livelihood opportunities for forest-dependent communities, and promote sustainable economic development for all nations, including countries with low forest cover"[138].

Despite the value and relevance of certifications to businesses and the impact investing community, less than 10% of the world's total forestry, particularly in tropical regions, is certified[139].

This is a major concern for the international community and large development institutions, "since the increasing demand for (uncertified) wood will lead to further degradation and fragmentation of forests and permanent deforestation". A study by WWF highlights that demand for wood products could triple in the next 20 years[141].

However, demand for certifications and sustainable forest management businesses is also on the rise. An increasing number of countries[142] are adopting and implementing policies and incentives to promote and secure sustainable forestry businesses; global initiatives such as the Paris Agreement and the SDGs provide clear commitments to countries and the private sector to operate in this field; and large DFIs have been investing in and supporting sustainable forestry businesses. IFC has invested in more than 50 sustainable projects in this field worth $1.5 billion, and IFC Advisory Services supported 44 projects worth $30 million in spending, mainly on land and social and environmental-related issues with upstream activities such as timber plantations[143].

Based on high demand for sustainable forestry companies and low supply of impact investing companies in this field, the PRI developed the sustainable forestry methodology using the latest UN conventions as well as studies and reports in the field. Criteria that aligned with the demands of investors interested in tackling targets related to the SDGs on sustainable agriculture were then created.

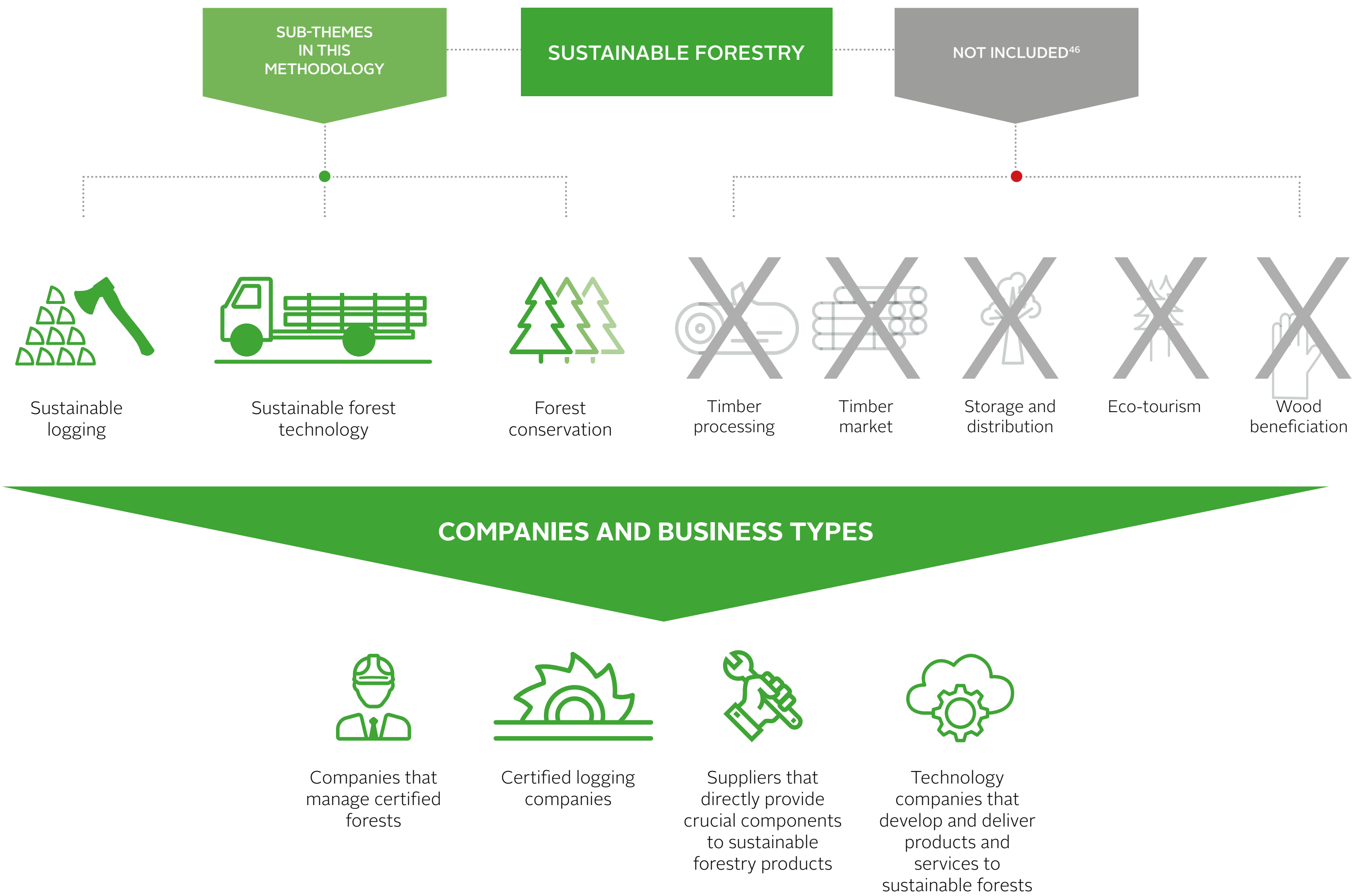
"As impact moves from niche to mainstream, it is important that investors do not lose sight of the importance of intention in the definition of impact. Impact is not a by-product or positive unintended consequence, but an intentional output targeted through thoughtful investment. Having a Market Map helps to harmonise language for asset owners, fund managers and impact investing companies.

Sarah Norris, Investment Manager, European Equities, Standard Life Investments

DESIGNING THE METHODOLOGY

The PRI and project partners adopted the definition of sustainable forestry used by the United Nations Economic Commission for Europe (UNECE):

"Companies that generate revenues from products, services, infrastructure and projects to meet the social, economic, ecological, cultural and spiritual[144] needs of present and future generations. These needs are for forest products and services, such as wood and wood products, water, food, fodder, medicine, fuel, shelter, employment, recreation, habitats for wildlife, landscape diversity, carbon sinks and reservoirs, and for other forest products"[145].



Based on the information above, the following pages are structured as a form containing information to identify impact investing companies in this theme, including:

- a basic definition of the theme;
- thematic (i.e. business type) and financial (i.e. basic thresholds to determine an impact investing company) conditions; and
- a list of common KPIs used by practitioners and international organisations to measure the environmental and social performance of a specific theme.

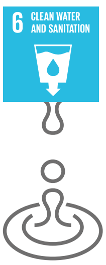
SUSTAINABLE AGRICULTURE AND THE SDGS

As mentioned previously, the Market Map was designed using two different but complementary frameworks: the PRI Reporting Framework and the SDGs.

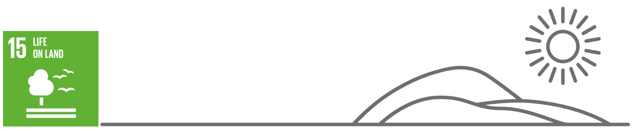
This section presents the main SDG(s) and its/their targets associated with the sustainable forestry sub-themes and business types, based on an internal study conducted by the PRI SDG team and key stakeholders.

The goal of this section is to inform and contribute to discussions on the SDGs and impact investments. Organisations and individuals may use the information provided in this section to align their thematic investments with the SDGs and/or compare their work in this field to the Market Map.

The PRI identified the following SDGs and targets aligned with the sustainable forestry thematic investment:



6.6: By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes



15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

15.3: By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world

FINAL COMMENTS

This version of the Market Map focuses on the sub-themes highlighted above, and the PRI may include additional sub-themes and business types in future work.

It also includes common KPIs to assess the social and environmental impacts of specific themes and sub-themes. At this stage, the PRI uses KPIs from the IRIS catalogue, but may include those from other organisations (i.e. GRI, UNGC, SASB, and IFC standard indicators) in future versions.

The information provided in this theme is not designed to serve as a standard for impact investing companies operating in a specific theme or field. However, it can be used as a generic reference to assess companies in the sustainable agriculture field or as a primary condition that a fund manager or investor can consider when evaluating potential investments.

The PRI and project partners do not differentiate or provide a ranking to determine which sub-theme is more impactful or advocate a specific theme or SDG. Lastly, the Market Map is a tool to be refined and reviewed over time; this document is based on current information in the investment industry.

SUSTAINABLE FORESTRY

THEMATIC INVESTMENT

Definition

"Companies that generate revenues from products, services, infrastructure and projects to meet the social, economic, ecological, cultural and spiritual[147] needs of present and future generations. These needs are for forest products and services, such as wood and wood products, water, food, fodder, medicine, fuel, shelter, employment, recreation, habitats for wildlife, landscape diversity, carbon sinks and reservoirs, and for other forest products"[148]. Source: UNECE.

Criteria

Information is based on a study developed by the PRI, and assessed and validated by project stakeholders and participants of the Market Map consultation. Based on this, the criteria to identify companies that operate in the sustainable forestry theme are based on a combination of two factors a) third-party certification that a company complies with environmental/social standards, and b) a specific type of investment: only companies that generate revenues from one or more types of sustainable forestry products or services identified in the criteria below will be included.

BUSINESS TYPE[149]

1. **Forest conservation/management:** companies responsible for maintaining, persevering or managing a forest(s).
2. **Logging companies:** certified companies that work on sustainable logging practices.
3. **Technology companies:** companies that develop and deliver products and services to sustainable forests.

THEMATIC CONDITIONS[150]

1. Forest conservation/management

General certification (mandatory) (comply with one or more certifications):

- Forestry Stewardship Council (FSC)[152]
- Sustainable Forestry Initiative (SFI) [153]
- Forest Carbon Partnership Facility (FCPF)[154]
- Programme for the Endorsement of Forest Certification [155]
- ISO/PC 287 (wood only)
- ISO 50001 (or equivalent)
- ISO 26000 (for community and human rights)
- ISO 19228 (under development) (forest management)
- Country-level certification (if applicable)
- Any other similar certification aligned with those highlighted above (if applicable, certification should be aligned with ISO 17065)
- Any other certifications that target community improvements, corporate social responsibility and labour protection
- Any other certifications that target environmental protection

Comply with one or more initiative(s) (voluntary):

- Roundtable on Sustainable Palm Oil [156]
- Coalition for Rainforest Nations (CfRN) [157]
- Rainforest Alliance [158]
- Any local, regional, national or international initiative

Additional conditions (mandatory):

- Comply with national regulations
- Comply with national certification bodies

2. Logging companies

Comply with two or more certifications (mandatory):

- ISO 26000 (for labour and human rights)
- ISO 14001 (environmental management)
- ISO/PC 287 (wood only)
- ISO 50001 (or equivalent)
- Forestry Stewardship Council (FSC)
- Sustainable Forestry Initiative (SFI)
- Forest Carbon Partnership Facility (FCPF)
- Programme for the Endorsement of Forest Certification

Comply with one or more initiative(s) (voluntary):

- Any local, regional, national or international initiative

Additional conditions (mandatory):

- Comply with national regulations
- Comply with national certification bodies

3. Technology companies

Certifications (voluntary):

- ISO 50001 (or equivalent)
- ISO 9001 (quality management)

Additional conditions (mandatory):

- Comply with national regulations
- Comply with national certification bodies

FINANCIAL CONDITIONS[151]	
For companies that directly provide products, services, infrastructure and services:	**For suppliers that provide crucial components or services to the business types highlighted in this theme:**
1. Identify if a company or organisation generates its revenues from one or more business type highlighted in the criteria and thematic conditions;	1. Identify if a company or organisation generates its revenues from one or more business type highlighted in the criteria and thematic conditions;
2. For those organisations that fit into the criteria above, identify companies and projects (if applicable) that generate at least 40% of their direct revenues from sustainable forestry products, services or projects;	2. For those organisations that fulfil the conditions above, identify only companies and organisations that generate 100%[160] of their direct revenues through sustainable forestry products, services, technologies and projects;
3. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing), total direct revenues through these investment types should be greater than 50% [159] of total revenues.	3. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing) highlighted in the thematic conditions, total direct revenues through these investment types should be greater than 70% of total revenues.

Common KPIs		
IRIS ID	Name	Definition
PI8330	Client individuals: female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: low income	Number of unique low income individuals who were clients of the organisation during the reporting period.
OI6912	Land directly controlled: Sustainably managed	Area of land directly controlled by the organisation and under sustainable cultivation or sustainable stewardship. Report directly controlled land area sustainably managed during the reporting period.
OI2622	Forest management plan	Indicates whether the organisation implements a forest management plan.
PI4127	Area of trees planted: total	Area of land on which trees were planted by the organisation during the reporting period.
PI3848	Area of trees planted: native species	Area of land on which native species of trees were planted by the organisation during the reporting period.
PI4907	Area of land reforested	Area of land that has been reforested by the organisation during the reporting period.

ADDITIONAL INFORMATION

- Financial incentives provided by a third party (i.e. governmental agency, non-governmental organisation or private entities) to support a company's operations targeting this thematic investment would be included as revenues/assets under management.
- Unless explicitly highlighted in this document, investments related to ESG considerations (a company's inputs) and internal operations (i.e. low carbon footprint practices) will not be included in this theme.
- A company's investments in grants, philanthropic initiatives and/or investments with no capital gains will not be included.
- A company's impact on the environmental and social groups and individuals generated by philanthropic or corporate social responsibility projects and programmes will not be included.
- A company's financial operations (i.e. company A purchases green bonds from company B) will not be included as a thematic investment and should not be included in its thematic investment revenues/assets.
- Only a company's direct products, services, technologies and infrastructure related to this specific theme will be included in this thematic investment (i.e. company A providing machinery to company B that produces electric vehicles will not be included).
- Only direct revenues generated by products, services, technologies and infrastructure in the thematic investment above will be considered.

130. For more information, see: http://www.fao.org/forestry/32765/en/

131. For more information, see: https://www.unece.org/fileadmin/DAM/timber/country-info/statements/Norway2016.pdf

132. Based on the Sustainable Forestry Products' Report, "the maximization of wood production and minimization of cost should not upset the environmental and social balance of the landscape, either by removing trees at a quicker rate than they grow back or by paying insufficient attention to environmental or social concerns". Sustainable Forestry Products (2014) Differences Between the Forest Stewardship Council (FSC) and Sustainable Forestry Initiative (SFI) Certification Standards for Forest Management . Sustainable Forestry Products. Available at: http://www.sustainableforestproducts.org/Sustainable_Forest_Management(Accessed: 2017).

133. Kathryn Fernholz, Jim Bowyer, Sarah Stai, Steve Bratkovitch, Jeff Howe (2011) Differences Between the Forest Stewardship Council (FSC) and Sustainable Forestry Initiative (SFI) Certification Standards for Forest Management. Available at: http://www.sfiprogram.org/files/pdf/dovetailfscsficomparison32811pdf/ (Accessed: 2017).

134. Conservation management is linked to practices to maintain or revitalise wild forests, usually associated with strict national regulations and reinforced by governmental agencies.

135. The PRI's definition used in the Market Map and Reporting Framework.

136. Kathryn Fernholz, Jim Bowyer, Sarah Stai, Steve Bratkovitch, Jeff Howe (2011) Differences Between the Forest Stewardship Council (FSC) and Sustainable Forestry Initiative (SFI) Certification Standards for Forest Management. Available at: http://www.sfiprogram.org/files/pdf/dovetailfscsficomparison32811pdf/ (Accessed: 2017).

137. World Bank (2009) Forests Source Book. World Bank. Available at: http://siteresources.worldbank.org/EXTFORSOUBOOK/Resources/completeforestsourcebookapril2008.pdf (Accessed: 2017).

138. World Bank (2011) Meeting the Growing Demand for Forest Products: Plantation Forestry and Harvesting Operations in Natural Forests. World Bank. Available at: http://siteresources.worldbank.org/EXTFORSOUBOOK/Resources/03-FSB-Ch03.pdf (Accessed: 2017).

139. PWC (2015) Sustainable Forest Finance Toolkit. PWC. Available at: https://www.pwc.co.uk/assets/pdf/forest-finance-toolkit.pdf (Accessed: 2017).

140. World Bank (2011) Meeting the Growing Demand for Forest Products: Plantation Forestry and Harvesting Operations in Natural Forests. World Bank. Available at: http://siteresources.worldbank.org/EXTFORSOUBOOK/Resources/03-FSB-Ch03.pdf (Accessed: 2017).

141. WWF (2012) Forests and Wood Products. WWF. Available at: http://d2ouvy59podg6k.cloudfront.net/downloads/living_forests_report_ch4_forest_products.pdf (Accessed: 2017).

142. European Parliament (2016) Sustainable Forestry in Finland. European Parliament. Available at: http://www.europarl.europa.eu/RegData/etudes/STUD/2016/578979/IPOL_STU(2016)578979_EN.pdf (Accessed: 2017).

143. For more information, see: https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/agri_feature_forestry

144. Spiritual needs is based on human societies, mainly tribes, living in areas with a deep connection to their beliefs and religious traditions.

145. For more information, see: https://documents-ddsny.un.org/doc/UNDOC/GEN/N97/857/86/IMG/N9785786.pdf?OpenElement

146. The PRI did not include some sub-themes due to their complexity or lack of resources to integrate in the current methodology.

147. Spiritual needs is based on human societies, mainly tribes, living in areas with a deep connection to their beliefs and religious traditions.

148. For more information, see: https://documents-ddsny.un.org/doc/UNDOC/GEN/N97/857/86/IMG/N9785786.pdf?OpenElement

149. Suppliers are included in this category.

150. For more information on the thematic conditions (certifications, initiatives) and their requirements (mandatory, highly recommended and voluntary), please see Appendix 1.

151. All financial conditions presented in this section are based on the companies' benchmark, data providers (i.e. MSCI, FTSE) and main outputs agreed by the participants of the Impact Investing Market Map consultation process.

152. For more information, see: http://www.fsc-uk.org/en-uk/about-fsc/what-is-fsc

153. For more information, see: http://www.sfiprogram.org/

154. For more information, see: https://www.forestcarbonpartnership.org/

155. For more information, see: http://www.pefc.co.uk/

156. For more information, see: https://rspo.org/about

157. For more information, see: http://www.rainforestcoalition.org/

158. For more information, see: http://www.rainforest-alliance.org/work/agriculture

159. This percentage is based on the methodology condition developed by other data providers such as FTSE and MSCI.

160. This reference is based on the results of the consultation process of the Impact Inventing Market Map from December 2017 to February 2018.

WATER

Brief presentation

Water is considered a multi-impact investment[161] because it affects the microclimate, food supply, industrial chain, health, productivity and the environment overall. A study by the World Health Organisation (WHO) found that the global economic return on sanitation spending is $5.5 per US dollar invested[162].

In this sense, water is intrinsically linked to other impact themes and has broad applicability to businesses and the investment community. Water management, water technologies, water distribution and water conservation are some of the areas that private and public organisations can operate in under this theme.

There is enormous pressure for investments in this theme, since 4.5 billion people lack safely managed sanitation services and 2.1 billion people lack access to safely managed drinking water services. Water-related hazards including floods, storms and droughts are responsible for 90% of natural disasters[163].

Due to the complexity and diversification of the water theme, the Market Map focuses on businesses and companies operating in water and sanitation for human consumption exclusively[164].

In recent decades, international organisations have logged growing interest from public authorities to expand private investments in water and sanitation, driven by two factors. The first relates to public sector budget constraints making it more difficult to allocate capital into new investments or to increase existing investments in the water sector. Secondly, private operators[165] have better access to knowledge in the field[166] and dependency on public organisations for investments has waned[167].

Private companies may invest in and develop businesses in water consumption and sanitation in many ways, from transporting fresh water to impoverished communities in Sub-Saharan Africa to desalinating water in one of the Caribbean islands and operating water systems in large European and American cities.

According to World Bank data, most countries have specific regulations on water and sanitation companies[168], and not all countries adopt or follow basic conditions defined by the WHO for water quality[169]. As such, most companies that have committed to providing fresh, safe and sustainable water and sanitation services adopt voluntary certifications to achieve their sustainable and responsible goals. But this is not the case across the entire industry, particularly in emerging markets and developing countries.

Private investors and companies may adopt practices that provide fresh water and access to water, but at a high cost[170] to consumers and low income groups[171]. Therefore, when assessing industries in this field, it is important to identify if companies comply with national and international principles beyond contractual agreements[172] between the private and public sector.

Water companies may also differ in terms of how they are organised and funded, and how they operate – from those that are privately-owned, such as Bristol Water[173], to public-private partnership (PPP) companies in Portugal and publicly-owned companies in Latin America[174]. It is therefore challenging to identify trends or the historical performance of water companies when they are aggregated.

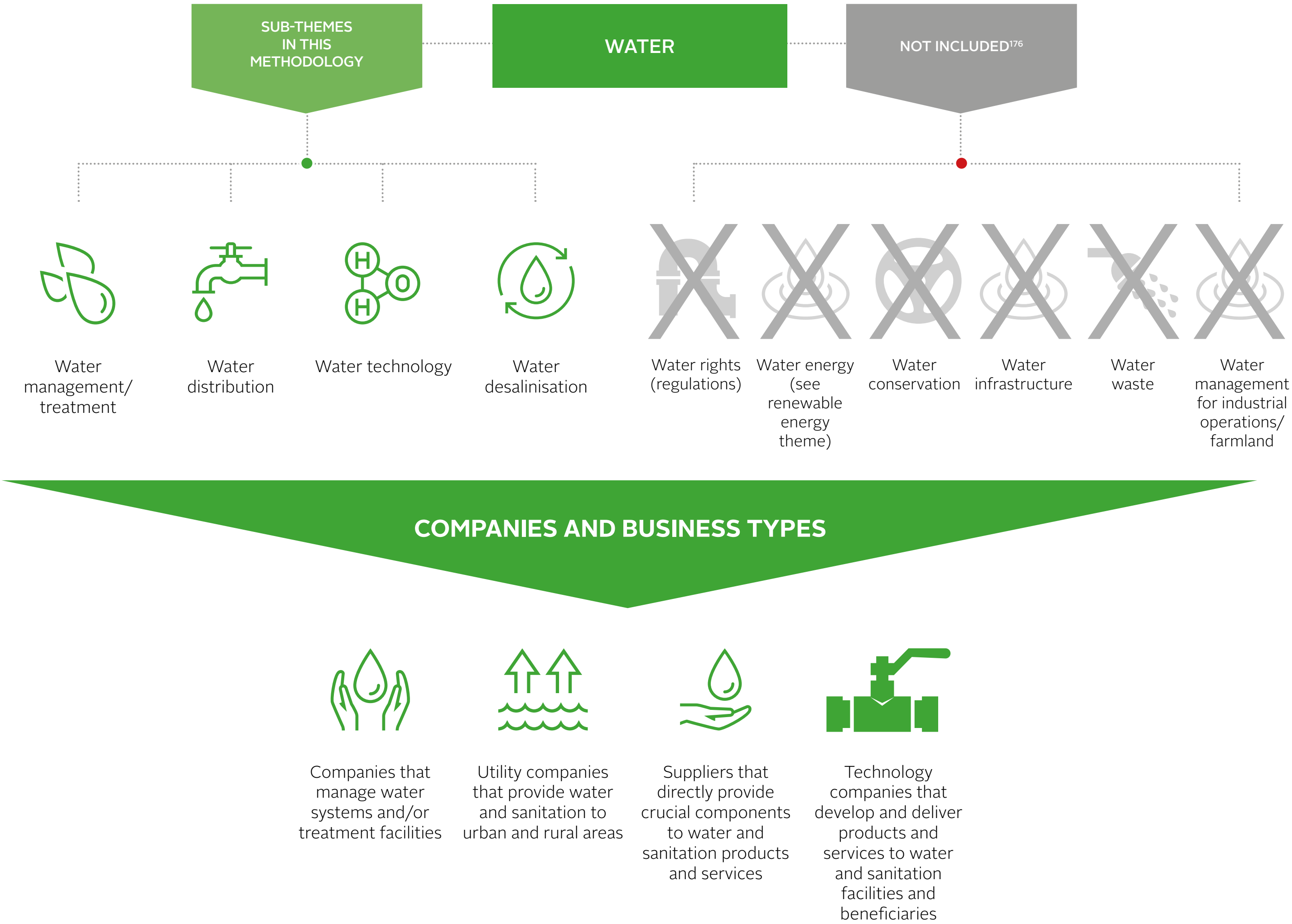
There are, however, positive inputs from a variety of organisations interested in better defining and assessing impact companies in the water and sanitation sector. The UN has defined water and sanitation businesses; MSCI has designed a sustainable index that covers water and sanitation companies; and impact investing funds such as WHEB and Impax have developed methodologies and approaches to identify and measure impact investing companies in this field.

> “The Market Map is a key resource for companies looking to understand how investors will assess their performance on ESG and impact criteria. As we march toward the achievement of the SDGs, the Market Map is a key step in aligning diverse stakeholders toward the same targets”.
>
> Nick Ashburn, Senior Director, Impact Investing, Wharton Social Impact Initiative

DESIGNING THE METHODOLOGY

Based on a study assessing UN conventions and international bodies responsible for water management and certifications, the PRI adopted a combined definition of water investments based on UN resolutions and conventions[175] related to water and sanitation.

Companies that produce or deliver products, projects and services with the scope to provide basic sanitation and safe and fresh water to humans without compromising the quality and sustainability of water resources. This includes water waste and water utilities, water infrastructure and water technology.



Based on the information above, the following pages are structured as a form containing information to identify impact investing companies in this theme. The form includes:

- a basic definition of the theme;
- thematic (i.e. business type) and financial (i.e. basic thresholds to determine an impact investing company) conditions; and
- a list of common KPIs used by practitioners and international organisations to measure the environmental and social performance of a specific theme.

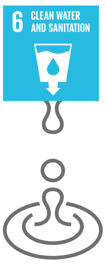
WATER AND THE SDGS

As mentioned previously, the Market Map was designed using two different but complementary frameworks: the PRI Reporting Framework and the SDGs.

This section presents the main SDG(s) and its/their targets associated with water sub-themes and business types, based on an internal study conducted by the PRI SDG team and key stakeholders.

The goal of this section is to inform and contribute to discussions on the SDGs and impact investments. Organisations and individuals may use the information provided in this section to align their thematic investments with the SDGs and/or compare their work in this field to the Market Map.

The PRI identified the following SDGs and targets aligned with the water thematic investment:



6.1: By 2030, achieve universal and equitable access to safe and affordable drinking water for all

6.2: By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations

6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

FINAL COMMENTS

This version of the Market Map focuses on the sub-themes highlighted above; the PRI may include additional sub-themes and business types in future work.

It also includes common KPIs to assess the environmental and social impacts of specific themes and sub-themes. At this stage, the PRI uses KPIs from the IRIS catalogue, but may include those from other organisations (i.e. GRI, UNGC, SASB, and IFC standard indicators) in future versions.

The information provided in this theme is not designed to serve as a standard for impact investing companies operating in a specific theme or field. However, it can be used as a generic reference to assess companies in the water field or as a primary condition that a fund manager or investor can consider when evaluating potential investments.

The PRI and project partners do not differentiate or provide a ranking to determine which sub-theme is more impactful or advocate a specific theme or SDG. Lastly, the Market Map is a tool to be refined and reviewed over time; this document is based on current information in the investment industry.

1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

WATER

THEMATIC INVESTMENT

Definition

Companies that produce or deliver products, projects and services with the scope to provide basic sanitation and safe and fresh water to humans without compromising the quality and sustainability of water resources. This includes water waste and water utilities, water infrastructure and water technology. Source: combined definitions of the UN Human Right to Water and Sanitation and UN Human Rights Declaration.

Criteria

Information provided in this section is based on a study developed by the PRI, and assessed and validated by project stakeholders and participants of the Market Map consultation. Based on the definition above, companies that operate in the water sector must fulfil three pre-criteria conditions[177], and are divided by complexity:

a) projects, products and services that target sanitation and water;

b) criteria "a" has to be achieved by providing safe and fresh water to support individuals' hygiene; and

c) all pre-criteria in "b" should not compromise the quality and sustainability of water resources.

In addition, based on the UN Resolution 64/292[178] and by the UN Committee on Economic, Social and Cultural Rights General (comment 15), water operators should comply with four crucial and indispensable principles:

1. Accessibility: "Refers to provision of 'flexibility' to accommodate each user's needs and preferences." [179, 180]
2. Drinkability: Refers to water quality[181] that is acceptable[182] in colour, odour and taste for each personal or domestic use. [183]
3. Affordability: "Water, and water facilities and services, must be affordable for all". [184]
4. Safety: "The water required for each personal or domestic use must be safe, therefore free from micro-organisms, chemical substances and radiological hazards that constitute a threat to a person's health. Measures of drinking water safety are usually defined by national and/or local standards for drinking water quality". [185]

The PRI then identified the following certifications, initiatives and investments that, combined, can be used to identify investments in the water sector.

BUSINESS TYPE[186]			
1. Water management/treatment: companies that manage water systems and/or treatment facilities.	**2. Water distribution:** utility companies that provide water and sanitation to urban and rural areas.	**3. Water desalinisation:** companies that manage water desalinisation systems and/or distribution systems.	**4. Water technology:** utility companies that provide water and sanitation to urban and rural areas.
THEMATIC CONDITIONS[187]			
General certification (mandatory) (comply with one or more certifications): - ISO 9004 (focuses on how to make a quality management system more efficient and effective) [189] - ISO 14001 (focuses on environmental systems) [190] - ISO 17025 (focuses on general requirements for the competence to carry out tests and/or calibrations, including sampling; in this case, it provides standards for testing water quality) [191] - ISO 24510, ISO 24511and ISO 24512 (for services and activities for drinking water supply and wastewater systems[192]) - ISO/TC 147 [193] (for water quality) - ISO 14046 [194] (for water footprint, see pre-criteria 3) - Any other similar certification aligned with those highlighted above (if applicable)	**Comply with two or more certifications (mandatory):** - ISO 9004 (focuses on how to make a quality management system more efficient and effective)[201] - ISO 14001 (focuses on environmental systems) [202] - ISO/TC 138 [203] (for water infrastructure) - ISO 11298 [204] -1:2010 - ISO 11298 [205] -1 (for water infrastructure, focusing on plastic pipe systems for renovation of underground water supply networks) - ISO/TC 5/SC [206] (for water infrastructure, focusing on cast iron pipes) - ISO 559:1991[207] (for water infrastructure) - ISO/TC 153 [208] (for water infrastructure, focusing on valves) - ISO 17025 (focuses on general requirements for the competence to carry out tests and/or calibrations, including sampling - in this case, standards for testing water quality) [209] - ISO 9001 - NASSCO [210]	**Certifications (voluntary):** - ISO 50001 (or equivalent) - ISO 14001 (or equivalent) - ISO 17025 (focuses on general requirements for the competence to carry out tests and/or calibrations, including sampling; in this case, standards for testing water quality) [215] - ISO 9004 (focuses on how to make a quality management system more efficient and effective) [216] **Additional conditions (mandatory):** - Comply with national regulations - Comply with national certification bodies	**Certifications (voluntary):** - ISO 50001 (or equivalent) - ISO 14001 (or equivalent) **Additional conditions (mandatory):** - Comply with national regulations - Comply with national certification bodies

Continued over >

THEMATIC CONDITIONS[188]

Comply with one or more initiative (voluntary): - Water Quality Association [195] - Canadian Water Quality Association [196] - Pacific Water Quality Association [197] - Eastern Water Quality Association (US) [198] - Any other regional, national or international association **Additional conditions (mandatory):** - Comply with national regulations - Comply with national certification bodies	**Comply with one or more initiative(s) (voluntary):** - Water Quality Association [211] - Canadian Water Quality Association [212] - Pacific Water Quality Association [213] - Eastern Water Quality Association (US) [214] - Any other regional, national or international association **Additional conditions (mandatory):** - Comply with national regulations - Comply with national certification bodies		

FINANCIAL CONDITIONS

For companies that directly provide products, services, infrastructure and services:

1. Identify if a company or organisation generates its revenues from one or more business type highlighted in the criteria and thematic conditions;
2. For those organisations that fit into the criteria above, identify companies and projects (if applicable) that generate at least 70% of their direct revenues from water products, services, technologies or projects;
3. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing), total direct revenues through these investment types should be greater than 50%[199] of total revenues.

For suppliers that provide crucial components or services to the business types highlighted in this theme:

1. Identify if a company or organisation generates its revenues from one or more business type highlighted in the criteria and thematic conditions;
2. For those organisations that fulfil the conditions above, identify only companies and organisations that generate 100% of their direct revenues through water and sanitation products, services, technologies and projects;
3. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing) highlighted in the thematic conditions, total direct revenues through these investment types should be greater than 70% of total revenues.

Common KPIs

IRIS ID	Name	Definition
PI8330	Client individuals: female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: low income	Number of unique low income individuals who were clients of the organisation during the reporting period.
OI9412	Wastewater treated	Volume of wastewater treated by the organisation during the reporting period.
PD5786	Water savings from products sold	Volume of water savings over the lifetime of the organisation's products for products that were sold during the reporting period.
PI2884	Water savings from services sold	Volume of water savings during the reporting period due to the organisation's services sold.
PI9468	Water provided for sale: total	Volume of water provided and delivered to off-taker(s) during the reporting period.
PI8043	Water provided for sale: potable	Volume of potable water provided and delivered to off-taker(s) during the reporting period.

ADDITIONAL INFORMATION

- Financial incentives provided by a third party (i.e. governmental agency, non-governmental organisation or private entities) to support a company's operations targeting this thematic investment would be included as revenues/assets under management.
- Unless explicitly highlighted in this document, investments related to ESG considerations (a company's inputs) and internal operations (i.e. low carbon footprint practices) will not be included in this theme.
- A company's investments in grants, philanthropic initiatives and/or investments with no capital gains will not be included
- A company's impact on the environmental and social groups and individuals generated by philanthropic or corporate social responsibility projects and programmes will not be included.
- A company's financial operations (i.e. company A purchases green bonds from company B) will not be included as a thematic investment and should not be included in its thematic investment revenues/assets.
- Only a company's direct products, services, technologies and infrastructure related to this specific theme will be included in this thematic investment (i.e. company A providing machinery to company B that produces electric vehicles will not be included).
- Only direct revenues generated by products, services, technologies and infrastructure in the thematic investment above will be considered.

161. For more information, see: https://news.un.org/en/story/2014/11/484032-every-dollar-invested-water-sanitation-brings-four-fold-return-costs-un
162. WHO (2012) Global costs and benefits of drinking-water supply and sanitation interventions to reach the MDG target and universal coverage. WHO. Available at: http://www.who.int/water_sanitation_health/publications/2012/globalcosts.pdf (Accessed: 2016).
163. For more information, see: http://www.worldbank.org/en/topic/water/overview
164. United Nations (2010) The Right to Water. United Nations. Available at: http://www.ohchr.org/Documents/Publications/FactSheet35en.pdf (Accessed: 2016).
165. For more information, see: https://ppp.worldbank.org/public-private-partnership/library/public-private-partnerships-urban-water-utilities-review-experiences-developing-countries
166. For more information, see: https://ppp.worldbank.org/public-private-partnership/library/characteristics-well-performing-public-water-utilities-water-supply-sanitation-working-notes
167. For more information, see: https://ppp.worldbank.org/public-private-partnership/library/ppiaf-gridlines-article-helping-new-breed-private-water-operators-access-infrastructure-fina
168. For more information, see: ppiiaf.org
169. WHO (2006) Guidelines for Drinking-Water Quality. WHO. Available at: http://www.who.int/water_sanitation_health/dwq/gdwq0506.pdf (Accessed: 2016).
170. For more information, see: http://www.climatechangenews.com/2016/05/03/price-water-or-prepare-for-a-thirstier-poorer-planet-world-bank/
171. Andre Olletas (2007) The World Bank Influence in Water Privatisation in Argentina. IELRC. Available at: http://www.ielrc.org/content/w0702.pdf (Accessed: 2016).
172. United Nations (2015) Water for Sustainable World. United Nations. Available at: https://www.riob.org/sites/default/files/IMG/pdf/Water_Sustainable_World.pdf (Accessed: 2016).
173. For more information, see: http://www.bristolwater.co.uk/
174. An example is Aguas de Joinville, from Santa Catarina, Brazil.
175. Based on a variety of UN conventions, declarations and policies below:

A) For more information, see: www.un.org/waterforlifedecade/sanitation.shtml

B) For more information, see: http://www.un.org/sustainabledevelopment/wp-content/uploads/2016/08/6_Why-it-Matters_Sanitation_2p.pdf

C) For more information, see: http://www.un.org/sustainabledevelopment/wp-content/uploads/2016/08/6_Why-it-Matters_Sanitation_2p.pdf

D) For more information, see: http://www.un.org/es/comun/docs/?symbol=A/RES/64/292&lang=E

E) For more information, see: http://www.who.int/water_sanitation_health/unconfwater.pdf

F) For more information, see: http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/35/18

G) For more information, see: http://www.unwater.org/downloads/analytical_brief_oct2013_web.pdf

H) For more information, see: http://www.un.org/waterforlifedecade/pdf/human_right_to_water_and_sanitation_media_brief.pdf

I) Based on the UN resolution on Human Rights and Water and Sanitation, this type of investment includes "Flush or pour-flush toilet/latrine to a piped sewer system, a septic tank or a pit latrine".

176. The PRI did not include some sub-themes due to their complexity or lack of resources to integrate in the current methodology.
177. Andre Olletas (2007) The World Bank Influence in Water Privatisation in Argentina. IELRC. Available at: http://www.ielrc.org/content/w0702.pdf (Accessed: 2016).
178. For more information, see: http://www.un.org/es/comun/docs/?symbol=A/RES/64/292&lang=E
179. For more information, see: http://www.un.org/esa/socdev/enable/disacc00.htm
180. United Nations (2013) Accessibility and Development: environmental accessibility and its implications for inclusive, sustainable and equitable development for all. United Nations. Available at: http://www.un.org/disabilities/documents/accessibility_and_development_june2013.pdf(Accessed: 2016).
181. See Guidelines for Drinking-Water Quality, World Health Organization, p.112
182. WHO (2006) Guidelines for Drinking-Water Quality. WHO. Available at: http://www.who.int/water_sanitation_health/dwq/gdwq0506.pdf (Accessed: 2016).
183. For more information, see: http://www.unwater.org/water-facts/human-rights/
184. For more information, see: http://www.unwater.org/water-facts/human-rights/
185. For more information, see: http://www.unwater.org/water-facts/human-rights/
186. Suppliers are included in this category.
187. For more information on the thematic conditions (certifications, initiatives) and their requirements (mandatory, highly recommended and voluntary), see Appendix 1.
188. All financial conditions presented in this section are based on the companies' benchmark, data providers (i.e. MSCI, FTSE) and main outputs agreed by the participants of the Impact Investing Market Map consultation process.
189. For more information, see: http://www.iso.org/iso/iso_9000
190. For more information, see: http://www.iso.org/iso/iso14000
191. For more information, see: http://www.iso.org/iso/catalogue_detail?csnumber=39883
192. For more information, see: http://www.iso.org/iso/iso_and_water.pdf
193. For more information, see: http://www.iso.org/iso/iso_technical_committee?commid=52834
194. For more information, see: http://www.iso.org/iso/iso14046_briefing_note.pdf
195. For more information, see: https://www.wqa.org
196. For more information, see: http://www.cwqa.com
197. For more information, see: http://www.pwqa.org
198. For more information, see: http://www.ewqa.org
199. This percentage is based on the methodology condition developed by other data providers such as FTSE, MSCI.
200. This reference is based on the results of the consultation process of the Impact Inventing Market Map from December 2017 to February 2018.
201. For more information, see: http://www.iso.org/iso/iso_9000
202. For more information, see: http://www.iso.org/iso/iso14000
203. For more information, see: http://www.iso.org/iso/iso_catalogue/atalogue_tc/catalogue_tc_browse.htm?commid=52500
204. For more information, see: https://www.iso.org/obp/ui/#iso:std:iso:11298:-1:ed-1:v1:en
205. For more information, see: https://www.iso.org/obp/ui/#iso:std:iso:11298:-1:ed-1:v1:en
206. For more information, see: http://www.iso.org/iso/iso_catalogue/catalogue_tc/catalogue_tc_browse.htm?commid=45612&development=on
207. For more information, see: https://www.iso.org/obp/ui/#iso:std:iso:559:ed-2:v1:en
208. For more information, see: http://www.iso.org/iso/iso_catalogue/catalogue_tc/catalogue_tc_browse.htm?commid=53156
209. For more information, see: http://www.iso.org/iso/catalogue_detail?csnumber=39883
210. For more information, see: https://www.nassco.org
211. For more information, see: https://www.wqa.org
212. For more information, see: http://www.cwqa.com
213. For more information, see: http://www.pwqa.org
214. For more information, see: http://www.ewqa.org
215. For more information, see: http://www.iso.org/iso/catalogue_detail?csnumber=39883
216. For more information, see: http://www.iso.org/iso/iso_9000

SOCIAL THEMES

AFFORDABLE HOUSING

EDUCATION

HEALTH

INCLUSIVE FINANCE

AFFORDABLE HOUSING

Brief presentation

Affordable housing is crucial for social development and social equality[217]; around 1.6 billion people are housed inadequately, of which around one billion live in slums and informal settlements[218]. Between $300 billion and $400 billion in mortgage issuance a year could be needed by 2025 to fund purchases of new affordable housing – equal to about 7% of global new mortgage origination volume in 2025[219].

While affordable housing is an urgent need for marginalised groups and low-income populations, there is also a huge need to fill this gap in emerging and developed economies. Over 11.4 million extremely low income (ELI) renter households in the US – whose income is no more than 30% of their area median income or the poverty guidelines – face a shortage of 7.4 million affordable and available rental homes. Nationally, only 35 affordable homes are available for every 100 ELI renter households[220] and there is a shortage in every state and major metropolitan area[221].

In other countries, this gap is even bigger, creating heavy economic and social impacts on societies. A study by McKinsey & Company revealed that the housing affordability gap is equivalent to $650 billion per year, or 1% of global GDP. The gap exceeds 10% of local GDP in some of the world's least affordable cities[222]. But to replace today's sub-standard housing and build additional units by 2025 would require an investment of $9 trillion to $11 trillion for construction; with land, the total cost could be $16 trillion. Of this, $1 trillion to $3 trillion may have to come from public funding.[223]

However, countries define affordable housing differently and there are no international standards[224] that can provide a common definition and general direction for this industry. The PRI reviewed more than 30 national regulations and could not identify common baselines in this sector.

Some investors and governments use a variety of concepts in their affordable housing projects and programmes, from low-cost housing (usually adopted by international development agencies[225] for projects[226] in Africa[227], Asia and Latin America), to social housing (usually associated with student housing and low income groups that are not interested in owning a house in the short term[228]), and inclusive housing (housing investments and programmes that aim to integrate marginalised communities in urban centres, and gender and ethnic inclusion in housing projects and investments). [229]

> "Social and affordable housing is one of the key sectors where investors can make a difference to reach multiple Sustainable Development Goals, including the fight against poverty (SDG 1), and sustainable cities and communities (SDG 11). There is a need to bridge the gap between finance and projects to deliver more responsible investments in housing for those people and communities that need it most. The PRI's new Impact Investing Market Map provides a crucial tool for investors to guide their responsible investment decisions in the affordable housing sector."
>
> Sébastien Garnier,Managing Director, AxHA

Some governments adopt policies and projects related to public housing for renting, while others invest in affordable housing for low-income home owners.[230] An OECD study identified that "not all reporting countries have social rental housing. Chile and Mexico for instance tend to favour affordable housing solutions offering low cost home ownership. By contrast, Sweden has a significant rental sector but, strictly speaking, no social rental housing as rents in municipal housing are in line with those in the private rental sector."[231]

In terms of renting, the gap between social rents and market rents varies across countries. While average social rents are 80%-90% of market rents in Austria, Finland, Slovenia and Switzerland, they are as low as 15% of market rents in Estonia, about 30% in Lithuania and 40% in Luxemburg.[232]

Regarding ownership, in the UK, affordable housing is determined based on local income (usually below £18,000 per year) and local house prices.[233] However, Australia's definition of affordable housing is different; for the New South Wales Government, it is usually considered as affordable if it costs less than 30% of gross household income. [234] The US defines affordable housing in terms of realised income earned relative to the area median income (AMI); very low income households earn no more than 50% of the AMI. [235]

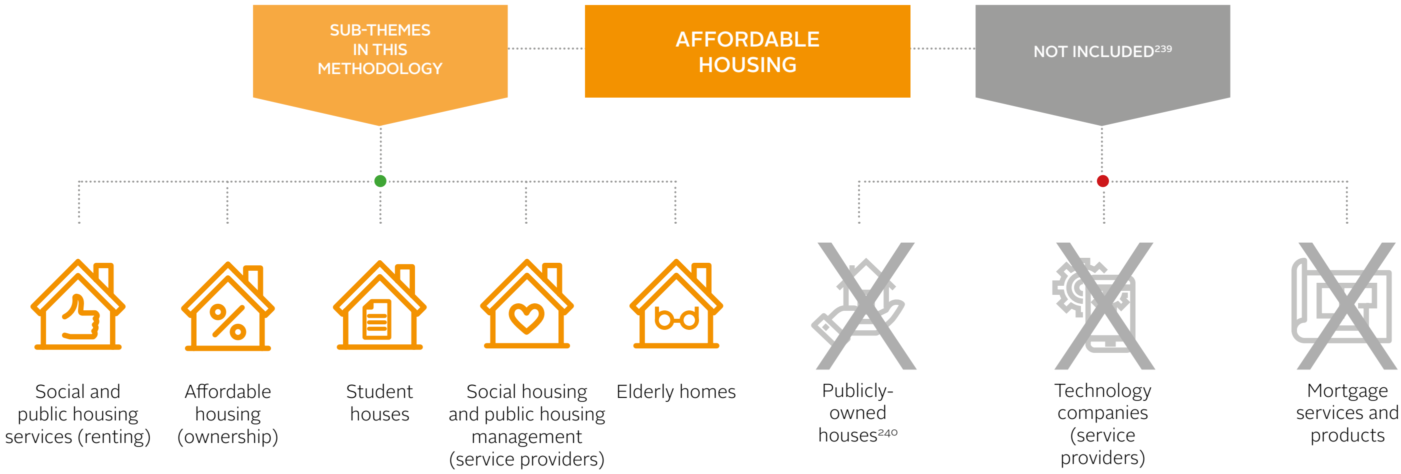
Furthermore, some regional or local governments have public housing initiatives (i.e. student and elderly housing) that follow a specific legislation or regulation that may not be covered in a national affordable housing policy. Countries usually take different approaches when measuring and investing in affordable housing in metropolitan and rural [236] areas. In addition, most studies and reports on affordable housing are based on self-reported definitions [237] and small sample sizes[238].

These limitations make it difficult to identify trends in terms of affordable housing definitions and financial conditions. The PRI reviewed dozens of studies, UN conventions and company benchmarks in this field and developed basic criteria that was reviewed and assessed by project partners.

DESIGNING THE METHODOLOGY

The PRI adopted the definition of affordable housing used by the IRIS (GIIN):

Companies that invest in housing projects, services and infrastructure "for which the associated financial costs are at a level that does not threaten or compromise the occupants' enjoyment of other human rights and basic needs, and that represents a reasonable proportion of an individual's overall income".



Based on the information above, the following pages are structured as a form containing information to identify impact investing companies in this theme. The form includes:

- a basic definition of the theme;
- thematic (i.e. business type) and financial (i.e. basic thresholds to determine an impact investing company) conditions; and
- a list of common KPIs used by practitioners and international organisations to measure the environmental and social performance of a specific theme.

AFFORDABLE HOUSING AND THE SDGS

As mentioned previously, the Market Map was designed using two different but complementary frameworks: the PRI Reporting Framework and the SDGs.

This section presents the main SDG(s) and its/their targets associated with affordable housing sub-themes and business types, based on an internal study conducted by the PRI SDG team and key stakeholders.

The goal of this section is to inform and contribute to discussions on the SDGs and impact investments. Organisations and individuals may use the information provided in this section to align their thematic investments with the SDGs and/or compare their work in this field to the Market Map.

The PRI identified the following SDGs and targets aligned with the affordable housing thematic investment:

1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

FINAL COMMENTS

This version of the Market Map focuses on the sub-themes highlighted above, and the PRI may include additional sub-themes and business types in future work.

It also includes common KPIs to assess the social and environmental impacts of specific themes and sub-themes. At this stage, the PRI uses KPIs from the IRIS catalogue, but may include those from other organisations (i.e. GRI, UNGC, ERHIN[241], SASB, and IFC standard indicators) in future versions.

The information provided in this theme is not designed to serve as a standard for impact investing companies operating in a specific theme or field. However, it can be used as a generic reference to assess companies in the affordable housing field or as a primary condition that a fund manager or investor can consider when evaluating potential investments.

The PRI and project partners do not differentiate or provide a ranking to determine which sub-theme is more impactful or advocate a specific theme or SDG.

Lastly, the Market Map is a tool to be refined and reviewed over time; this document is based on current information in the investment industry.

11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

AFFORDABLE HOUSING

THEMATIC INVESTMENT

Definition

Companies that invest in housing projects, services and infrastructure "for which the associated financial costs are at a level that does not threaten or compromise the occupants' enjoyment of other human rights and basic needs and that represents a reasonable proportion of an individual's overall income". Source: IRIS, GIIN.

Criteria

Information provided in this section is based on a study developed by the PRI, and assessed and validated by project stakeholders and participants of the Market Map consultation. At this stage, international or harmonised certification provided by a third party is unavailable in this thematic investment. In addition, investments in affordable housing are usually associated with government policies to provide and/or expand affordable or social housing to lower income groups in urban areas. Concessions, bonds, cooperatives, social enterprises and PPPs are the most common forms of investing in affordable housing, using special purpose vehicles (SPVs) to provide a framework for reducing financial liabilities, raising funds and linking investors and investees legally. Since standardised information is unavailable, and most companies in this sector follow specific country policies, the PRI has identified the following initiatives and investment/business types to potentially identify companies in this sector. This theme will focus on financial performance and specific thematic conditions exclusively.

BUSINESS TYPE[242]

1. **Social and public housing (renting) elderly houses/social housing management (service providers):** companies that manage social housing, including housing for students and elderly groups.

2. **Affordable homes (ownership/rental):** companies that build and/or sell affordable housing to low-income groups (such as private companies that build, sell and/or maintain affordable housing, and are funded by the public sector (i.e. municipal bonds, PPPs on affordable housing) and development agencies.

3. **Student houses:** student housing projects/programmes (for renting purposes, short-term tenants, usually associated with the government's educational benefits/ subsidies).

THEMATIC CONDITIONS[243]

General certification:

- Unavailable

Comply with one or more initiative(s) (voluntary):

- Any local, regional, national or international initiative

Additional conditions (highly recommended):

- For these criteria/methodology, social housing projects and programmes should be aligned with local/regional/country policy or programmes on social housing.
- For families and elderly groups only (highly recommended):
  i) identify if more than 50% of residents allocate no more than 30% of annual median income (based on a country level) in social housing rent;
  ii) identify if a social housing project/ programme would have 30% or more residents receiving social benefits from the government due to social, health or economic conditions.
  iii) identify if rental agreements and renting policies adopt elements of the Client Protection Principles (see the inclusive finance theme).

Additional conditions (mandatory):

- Comply with national regulations
- Comply with national certification bodies

Comply with two or more certifications:

- Unavailable

Comply with one initiative(s) (voluntary):

- Minha Casa, Minha Vida (Brazil)
- Thailand's Baan Mankong
- Homes and Communities Agency (UK)[247]
- Affirmed Housing Group (US) [248]
- Affordable Housing Investors Council (UK) [249]
- National Housing Finance Corporation (South Africa) [250]
- Any local, regional, national or international initiative

Additional conditions (highly recommended):

- Identify if affordable housing projects/ programmes are aligned with one or more conditions below (highly recommended):
  i) For OECD countries: identify specific policies/regulations of affordable housing targeting low income groups and identify if the target company/organisation adopts those policies and regulations.
  ii) For emerging and developing economies: identify if over 50% of residents allocate no more than 35% of family annual median income (on a country level) to a housing mortgage.
  iii) For emerging economies and OECD countries: identify if over 30% of residents receive social benefits from the government (i.e. education support, health medication, economic subsidies).

Additional conditions (mandatory):

- Comply with national regulations
- Comply with national certification bodies

General certification:

- Unavailable

Additional conditions (highly recommended):

- For this methodology, any businesses/ investments in student housing projects/ programmes should address one or more conditions below:
  i) more than 30% of residents in social housing projects/programmes are from low income families (based on a country's definition of low income);
  ii) more than 20% of the residents receive scholarships and/or fellowships from public or private educational centres;
  iii) more than 60% of residents are full-time students;
  iv) at least 10% of residents receive social benefits from the government due to social, health or economic conditions.
- Identify if contracts and renting agreements adopt the elements/conditions of the Client Protection Principles (see inclusive finance theme).

Additional conditions (mandatory):

- Comply with national regulations
- Comply with national certification bodies

FINANCIAL CONDITIONS[244]		
For companies that directly provide products, services, infrastructure and services: 1. Identify if a company or organisation generates its revenues from one or more business type highlighted in the criteria and thematic conditions; 2. For those organisations that fulfil the criteria above, identify companies and projects (if applicable) that generate at least 30% of their direct revenues from affordable housing products, services or projects;	3. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing), total direct revenues through these investment types should be greater than 50%[241] of total revenues. **For suppliers that provide crucial components or services to the business types highlighted in this theme:** 1. Identify if a company or organisation generates its revenues from one or more business type highlighted in the criteria and thematic conditions;	2. For those organisations that fulfil the conditions above, identify only companies and organisations that generate 100%[242] of their direct revenues through affordable housing products, services and technologies as highlighted in this document; 3. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing) highlighted in the thematic conditions, total direct revenues through these investment types should be greater than 70% of total revenues.

Common KPIs

IRIS ID	Name	Definition
PI8330	Client individuals: Female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: Poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: Low Income	Number of unique low income individuals who were clients of the organisation during the reporting period.
PD5833	Percent affordable housing	Percentage of housing units projected to be constructed or preserved as a result of expenditures made by the organisation during the reporting period that will be considered to be affordable housing.
PI2640	Individuals housed	Number of individuals projected to be housed in single-family or multi-family dwellings as a result of new construction, loans, repairs, or remodelling resulting from investments made by the organisation during the reporting period.
PI2491	Number of housing units constructed	Number of housing units constructed by the organisation during the reporting period.
PI6058	Number of housing units improved	Number of housing units improved or refurbished by the organisation during the reporting period.

ADDITIONAL INFORMATION

- Financial incentives provided by a third party (i.e. governmental agency, non-governmental organisation or private entities) to support a company's operations targeting this thematic investment would be included as revenues/assets under management.
- Unless explicitly highlighted in this document, investments related to ESG considerations (a company's inputs) and internal operations (i.e. low carbon footprint practices) will not be included in this theme.
- A company's investments in grants, philanthropic initiatives and/or investments with no capital gains will not be included.
- A company's impact on the environmental and social groups and individuals generated by philanthropic or corporate social responsibility (CSR) projects and programmes will not be included.
- A company's financial operations (i.e. company A purchases green bonds from company B) will not be included as a thematic investment and should not be included in its thematic investment revenues/assets.
- Only a company's direct products, services, technologies and infrastructure related to this specific theme will be included in this thematic investment (i.e. company A providing machinery to company B that produces electric vehicles will not be included).
- Only direct revenues generated by products, services, technologies and infrastructure in the thematic investment above will be considered.

217. For more information, see: https://www.un.org/sustainabledevelopment/blog/2017/10/affordable-housing-key-for-development-and-social-equality-un-says-on-world-habitat-day/

218. For more information, see: http://www.un.org/sustainabledevelopment/blog/2017/10/affordable-housing-key-for-development-and-social-equality-un-says-on-world-habitat-day/

219. Jonathan Woetzel, Sangeeth Ram, Jan Mischke, Nicklas Garemo, Shirish Sankhe. (2014) A blueprint for addressing the global affordable housing challenge. McKinsey Global Institute. Available at: https://www.mckinsey.com/~/media/McKinsey/Global%20Themes/Urbanization/Tackling%20the%20worlds%20affordable%20housing%20challenge/MGI_Affordable_housing_Executive%20summary_October%202014.ashx (Accessed: 2016).

220. For more information, see: http://nlihc.org/research/gap-report

221. Andrew Aurand, Dan Emmanuel, Diane Yetel,Ellen Errico (2017) A Shortage of Affordable Homes. National Low Income Coalition. Available at: http://nlihc.org/sites/default/files/Gap-Report_2017.pdf (Accessed: 2017).

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223. Jonathan Woetzel, Sangeeth Ram, Jan Mischke, Nicklas Garemo, Shirish Sankhe. (2014) A blueprint for addressing the global affordable housing challenge. McKinsey Global Institute. Available at: https://www.mckinsey.com/~/media/McKinsey/Global%20Themes/Urbanization/Tackling%20the%20worlds%20affordable%20housing%20challenge/MGI_Affordable_housing_Executive%20summary_October%202014.ashx (Accessed: 2016).

224. For more information, see: https://www.ifc.org/wps/wcm/connect/7f83b80049c99d469129b3e54d141794/Asha_flyer_FINAL_10-28-15.pdf?MOD=AJPERES

225. For more information, see: http://www.afdb.org/en/news-and-events/article/afdb-injects-usd-7-million-equity-into-pan-african-housing-fund-to-increase-access-to-housing-in-african-cities-9724/

226. For more information, see: http://constructionreviewonline.com/2015/04/boosting-affordable-housing-in-africa-using-abts/

227. For more information, see: http://www.sadc-dfrc.org/dfi-swaziland

228. For more information, see: http://www.globalurban.org/GUDMag07Vol3Iss1/Yuen.htm

229. For more information, see: http://unhabitat.org/urban-themes/housing-slum-upgrading/

230. For more information, see: https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/trp_featurestory_africahousing

231. OECD (2016) Key Characteristics of Social Rental Housing. OECD [Online]. Available at: https://www.oecd.org/els/family/PH4-3-Characteristics-of-social-rental-housing.pdf?TSPD_101_R0=58a621e9698cc1fdf4cdc03c1758e44bje5000000000000000008e2c4b4fffff0000000000000000000000000000005a94197000ecb236bd(Accessed: 2017).

232. OECD (2016) Key Characteristics of Social Rental Housing. OECD [Online]. Available at: https://www.oecd.org/els/family/PH4-3-Characteristics-of-social-rental-housing.pdf?TSPD_101_R0=58a621e9698cc1fdf4cdc03c1758e44bje5000000000000000008e2c4b4fffff0000000000000000000000000000005a94197000ecb236bd(Accessed: 2017).

233. London Assembly (N/A) Key Characteristics of Social Rental Housing. London Assembly. Available at: https://www.london.gov.uk/what-we-do/planning/london-plan/current-london-plan/london-plan-chapter-3/policy-310-definition (Accessed: 2017).

234. NSW Government (N/A) About affordable rental housing. NSW Government. Available at: http://www.housing.nsw.gov.au/centre-for-affordable-housing/about-affordable-housing (Accessed: 2017).

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236. Mark Bevan, Stuart Cameron, Mike Coombes, Tanya Merridew and Simon Raybould (2001) Social Housing in Rural Areas. Joseph Rowntree Foundation. Available at: https://www.jrf.org.uk/report/social-housing-rural-areas (Accessed: 2017).

237. Abhilash Mudaliar, Hannah Schiff, Rachel Bass. (2016) Annual Impact Investor Survey. GIIN. Available at: https://thegiin.org/assets/2016%20GIIN%20Annual%20Impact%20Investor%20Survey_Web.pdf(Accessed: 2017).

238. This includes studies from the World Bank, Inter-American Development Bank and Global Impact Investing Network.

239. The PRI did not include some sub-themes due to their complexity or lack of resources to integrate in the current methodology.

240. A publicly-owned house that is managed by a public organisation or social enterprise.

241. For more information, see: http://www.responsiblehousing.eu/en/

242. Suppliers are included in this category.

243. For more information on the thematic conditions (certifications, initiatives) and their requirements (mandatory, highly recommended and voluntary), see Appendix 1.

244. All financial conditions presented in this section are based on the companies' benchmark, data source provides (i.e. MSCI, FTSE) and main outputs agreed by the participants of the Impact Investing Market Map consultation process.

245. This percentage is based on the methodology condition developed by other data providers such as FTSE, MSCI.

246. This reference is based on the results of consultation process of the Impact Inventing Market Map from December 2017 to February 2018.

247. For more information, see: https://www.gov.uk/government/organisations/homes-and-communities-agency

248. For more information, see: http://www.affirmedhousing.com/about_us/mission_statement.html

249. For more information, see: http://www.ahic.org/about/

250. For more information, see: http://www.nhfc.co.za/

EDUCATION

Brief presentation

Education is a basic human right[251] covered by the UN and the SDGs. The World Bank identifies education as a powerful driver of development and one of the strongest instruments for reducing poverty and improving health, gender equality, global peace and stability[252].

Recent studies suggest that lower gender ratio gaps in education contribute to poverty reduction[253] and country economic growth.[254] One study revealed that, on average, people who have completed at least lower secondary education have 50% more knowledge about HIV and AIDS than people with no education.[255] Education is also linked to conflict risk reduction: in 55 low and middle-income countries, the probability of conflict more than doubled from 3.8% to 9.5% when educational inequality doubled in 2015. In broad terms, investments in education can directly and indirectly tackle nearly each of the 17 SDGs.

While access to education has dramatically increased over the past decade, millions of children still do not have access to education, and many of those who do receive limited and low-quality services. A recent estimate showed that inflation and stagnation of investments meant that the funding gap needed to provide basic education for all has increased to US$26 billion[256].

In about one in three countries, less than three-quarters of teachers are trained to national standards, resulting in 130 million children enrolled in school but still not learning the basics[257]. Some 260 million children are still out of primary and secondary school, and 250 million globally still cannot read or write[258]. In addition, according to UNESCO estimates, 130 million girls between the age of six and 17 are out of school and 15 million girls of primary school age—half of them in Sub-Saharan Africa— will never enter a classroom[259].

The examples above highlight some of the challenges, and opportunities, related to education. Many emerging and low-income countries lack proper investments in education programmes and facilities. In recent years, low income countries have increased spending on education from an average of 2.9% of GDP to 3.8%. Yet, many governments in the developing world cannot meet the enormity of their citizens' education needs, meaning significant gaps in funding, quality and access remain[260].

Private investors can support public sector education goals in different ways, from financing student access to colleges and higher degrees (i.e. Master's, MBA, PhD), to running education facilities (both privately-owned or under concessions/PPPs) and training teachers to provide technology-based educational services in remote areas in emerging countries – Bridge International Academics is an example here[261].

A UNESCO study found that private commercial funding accounts for an estimated US$500 billion of $2.5 trillion spent annually on education, excluding private household spending on education.

> "The PRI Impact Investing Market Map is a valuable resource for the global impact economy and provides guidance to key stakeholders including asset owners, managers and social enterprises to help define impact investment and impact investing processes. The Market Map brings together existing global impact frameworks, methodologies and metrics to measure and scale impact."
>
> Michelle Di Fabio, Managing Director, SGA

While it is important to differentiate mainstream and impact investments in this field, there are no certifications, global networks or responsible impact investing initiatives available. In many cases, impact investing companies operating in this theme differentiate themselves based on social commitments targeting low income and marginalised groups, or defining strategies that support gender equality and other social goals (for more information, see Appendix 4). In addition, it is important to highlight that impact investments in education account for only a small share of overall education funding. The sector is still in its infancy, meaning "large international players still dominate the landscape and most investors are taking a gradual, opportunistic approach to building their education portfolios. The lack of innovations restricts deal flow and limited examples of success heightens perceptions of risk, so funders have clustered around either proven, for-profit models targeting those who can already afford to pay, or grant-like models to reach more vulnerable beneficiaries"[262].

The PRI reviewed dozens of national regulations on education[263]; UN conventions (including the UN Convention on the Elimination of All Forms of Discrimination against Women[264], the Convention on the Rights of the Child, the UN Convention on the Rights of Persons with Disabilities, and The Universal Declaration of Human Rights); company reports on investments in education; and indexes (i.e. MSCI and FTSE) to find basic conditions and baselines to identify impact investing companies in education.

The PRI did not identify a specific UN convention or declaration to define investments or companies in the educational field. However, supporting references such as UN conventions and declarations on the theme, including the SDGs, the United Nations Declaration on Human Rights Education and Training[265], and the Human Rights Council Resolution on the Right to Education,[266] were used to develop a basic definition.

The PRI identified that the SDGs provide a good baseline to differentiate mainstream and impact businesses, as well as public policies adopted by some countries in this field.

For education, the SDGs focus on providing access to educational infrastructure, services and technologies to "ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations"[267]. Access to education should also be inclusive, affordable and of high quality[268].

The UN Declaration on Human Rights Education and Training provides a good reference of the limitations and goals of education policies, regulations and organisations operating in the education field. The Human Rights Council Resolution on the Right to Education aggregates key points identified in similar international declarations and conventions on education in one document and provides basic criteria which organisations can use to be more responsible in the education sector.

The declaration states that organisations should respect, protect and fulfil the right to education by all appropriate means, including by addressing issues of availability, accessibility, quality and equality in education, including in non-formal education mechanisms and programmes[269]. It also states that private companies operating in this environment should be accountable for any negative impact on the enjoyment of the right to education. Based on this, the PRI defined pre-conditions for impact investing companies operating in the educational field:

- companies that provide access to educational services, infrastructure and technologies targeting vulnerable groups including low income groups, indigenous peoples, children in vulnerable situations, marginalised groups[270] and disabled people;
- education facilities and services[271] that support gender equality[272];
- education facilities, services and technologies that operate in pre-primary, primary, secondary and tertiary education;
- companies that provide access to educational services to teachers and educators across all levels of education; and
- companies that provide access to affordable and quality services for marginalised groups, low income populations and people with disabilities.

It is important to highlight that educational loans or finance were not included in this theme due to their complexity and because it is difficult to differentiate a mainstream company from an impact investing company in this field. For example, in the US, one in four of the country's 44 million student loan holders are struggling to make payments or are in default ($1.4 trillion is the total market of student loan debt in the US[273]). The average US borrower graduates college owing around $34,000 and can expect to spend the next 21 years paying off their loans[274]. In addition, according to a study by the Pew Research Center and the Report on the Economic Well-Being of US Households[275], "young college graduates with student loans are more likely than those without loans to have a second job and to report struggling financially"[276].

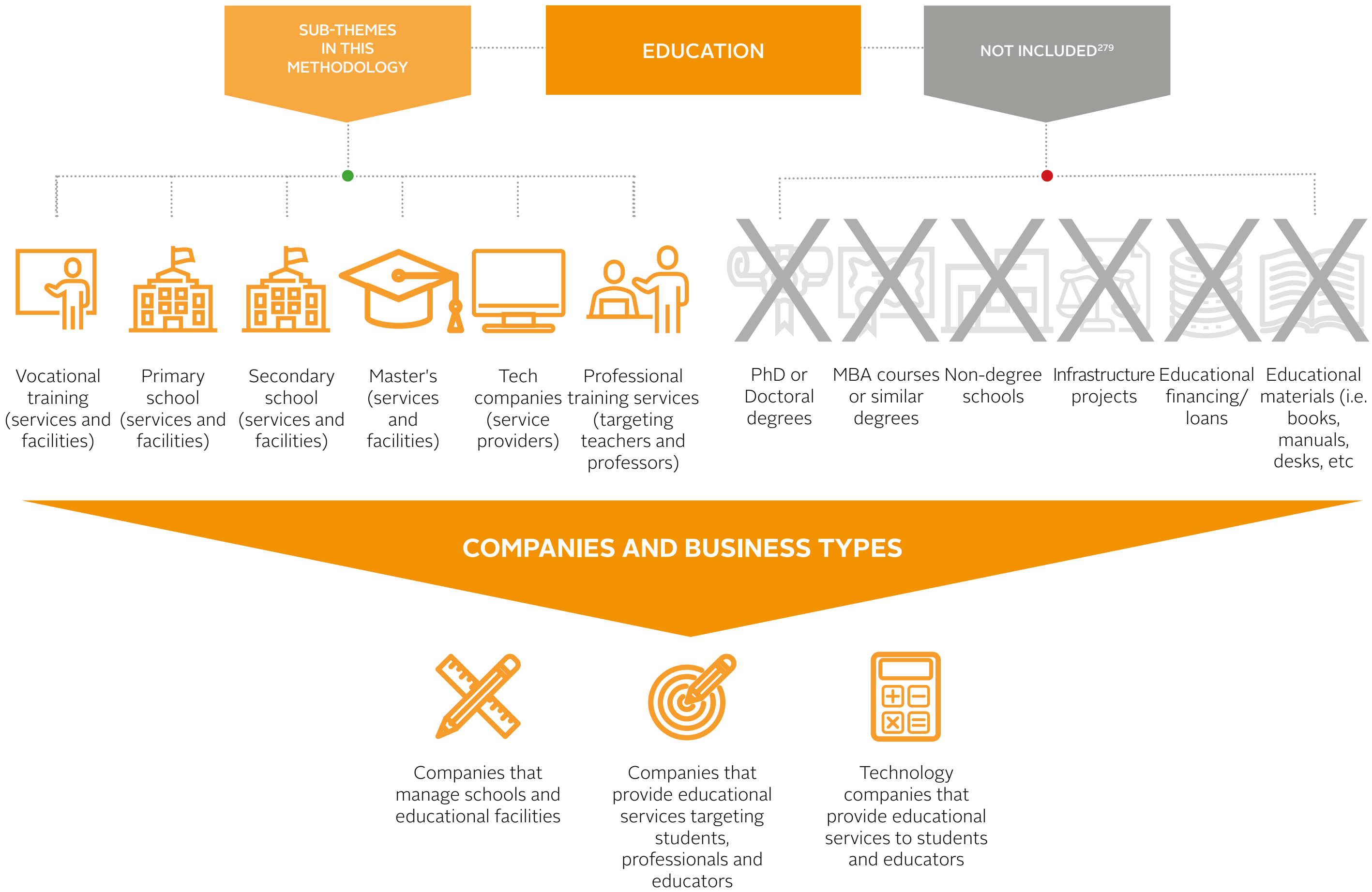
Furthermore, many companies operating in the educational loan business do not differentiate or rank universities based on the quality of institutions and their social or environmental commitments and strategies, or whether they have policies related to the Client Protection Principles[277] (targeting students)[278].

Since educational finance is a sensitive area in the impact investing industry, the Market Map focuses exclusively on educational facilities, technology companies and educational service providers.

DESIGNING THE METHODOLOGY

The PRI adopted a definition of education that combines concepts identified in the SDGs, the Declaration on Human Rights Education and Training, and the Human Rights Council Resolution on the Right to Education:

Companies and organisations that ensure equal access to all levels of education and/or vocational training for the population, including vulnerable groups such as low-income individuals, those with disabilities, indigenous peoples and children in vulnerable situations; and/or companies which provide support to teachers and educators in all levels of education. The companies and organisations focus on supporting education development for individuals that is affordable, with quality and non-discriminatory policies or practices for women, girls and minority groups.



Based on the information above, the following pages are structured as a form containing information to identify impact investing companies in this theme. The form includes:

- a basic definition of the theme;
- thematic (i.e. business type) and financial (i.e. basic thresholds to determine an impact investing company) conditions; and
- a list of common KPIs used by practitioners and international organisations to measure the environmental and social performance of a specific theme.

EDUCATION AND THE SDGS

As mentioned previously, the Market Map was designed using two different but complementary frameworks: the PRI Reporting Framework and the SDGs.

This section presents the main SDG(s) and its/their targets associated with education sub-themes and business types, based on an internal study conducted by the PRI SDG team and key stakeholders.

The goal of this section is to inform and contribute to discussions on the SDGs and impact investments. Organisations and individuals may use the information provided in this section to align their thematic investments with the SDGs and/or compare their work in this field to the Market Map.

The PRI identified the following SDGs and targets aligned with the education thematic investment:

4.1: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes

4.2: By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education

4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

4.5: By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations

4.6: By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy

4.a: Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all

FINAL COMMENTS

This version of the Market Map focuses on the sub-themes highlighted above, and the PRI may include additional sub-themes and business types in future work.

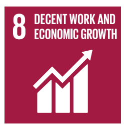
It also includes common KPIs to assess the social and environmental impacts of specific themes and sub-themes. At this stage, the PRI uses KPIs from the IRIS catalogue, but may include those from other organisations (i.e., GRI, UNGC, SASB, and IFC standard indicators) in future versions.

The information provided in this theme is not designed to serve as a standard for impact investing companies operating in a specific theme or field. However, it can be used as a generic reference to assess companies in the education field or as a primary condition that a fund manager or investor can consider when evaluating potential investments.

The PRI and project partners do not differentiate or provide a ranking to determine which sub-theme is more impactful or advocate a specific theme or SDG.

Lastly, the Market Map is a tool to be refined and reviewed over time; this document is based on current information in the investment industry.

1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance



8.6: By 2020, substantially reduce the proportion of youth not in employment, education or training

251. United Nations (1990) The United Nations Convention on the Rights of the Child. United Nations. Available at: https://downloads.unicef.org.uk/wp-content/uploads/2010/05/UNCRC_united_nations_convention_on_the_rights_of_the_child.pdf?_ga=2.218910544.87815701.1520344269-354596847.1520344269 (Accessed: 2016).

252. For more information, see: http://www.worldbank.org/en/topic/education/overview

253. Hakan Oztunc, Zar Chi Oo, Zehra Vildan Serin, (2014) Effects of Female Education on Economic Growth: A Cross Country Empirical Study. EDAM. Available at: https://files.eric.ed.gov/fulltext/EJ1060178.pdf (Accessed: 2016).

254. Rachel Heath, Seema Jayachandran (2016) The Causes and Consequences of Increased Female Education and Labor Force Participation in Developing Countries. Northwestern University. Available at: https://www.ipr.northwestern.edu/publications/docs/workingpapers/2016/WP-16-22.pdf (Accessed: 2016).

255. Annababette Wils, Gabrielle Bonnet, Mathieu Brossard (2015) Investment Case for Education and Equity. UNICEF. Available at: https://www.unicef.org/publications/files/Investment_Case_for_Education_and_Equity_FINAL.pdf(Accessed: 2016).

256. D. Capital Partners (2013) Impact Investing in Education: An Overview of the Current Landscape. D. Capital Partners. Available at: https://www.opensocietyfoundations.org/sites/default/files/impact-investing-education-overview-current-landscape-20140106_0.pdf (Accessed: 2016).

257. For more information, see: https://www.globalcitizen.org/en/content/9-facts-about-education/

258. For more information, see: http://www.worldbank.org/en/topic/education/overview

259. For more information, see: http://www.worldbank.org/en/topic/girlseducation

260. D. Capital Partners (2013) Impact Investing in Education: An Overview of the Current Landscape. D. Capital Partners. Available at: https://www.opensocietyfoundations.org/sites/default/files/impact-investing-education-overview-current-landscape-20140106_0.pdf (Accessed: 2016).

261. For more information, see: http://www.bridgeinternationalacademies.com/

262. D. Capital Partners (2013) Impact Investing in Education: An Overview of the Current Landscape. D. Capital Partners. Available at: https://www.opensocietyfoundations.org/sites/default/files/impact-investing-education-overview-current-landscape-20140106_0.pdf (Accessed: 2016).

263. The PRI studied legislations, regulations and policies from the UK, US, Brazil, South Africa and Spain.

264. United Nations (1979) Convention on the Elimination of All Forms of Discrimination against Women. United Nations. Available at: http://www.ohchr.org/Documents/ProfessionalInterest/cedaw.pdf (Accessed: 2016).

265. United Nations (2011) United Nations Declaration on Human Rights Education and Training. United Nations. Available at: https://documents-dds-ny.un.org/doc/RESOLUTION/GEN/G11/124/78/PDF/G1112478.pdf?OpenElement(Accessed: 2016).

266. United Nations (2017) Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development. United Nations. Available at: http://www.right-to-education.org/sites/right-to-education.org/files/resource-attachments/HRC_Resolution_Right_to_Education_2017.pdf (Accessed: 2017).

267. SDG 4, targets 4.5 and 4b.

268. SDG 4, targets 4.1 and 4.3.

269. United Nations (2017) Panel discussion on the implementation of the United Nations Declaration on Human Rights Education and Training: good practices and challenges. United Nations [Online]. Available at: https://documents-dds-ny.un.org/doc/UNDOC/GEN/G17/075/50/PDF/G1707550.pdf?OpenElement(Accessed: 2017).

270. For the purpose of scholarships and fellowships.

271. United Nations (2006) Convention on the Rights of Persons with Disabilities (CRPD). United Nations. Available at: https://www.un.org/development/desa/disabilities/convention-on-the-rights-of-persons-with-disabilities.html (Accessed: 2017).

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275. Board of Governors of the Federal Reserve System (2017) Report on the Economic Well-Being of U.S. Households in 2016. U.S. Government. Available at: https://www.federalreserve.gov/publications/files/2016-report-economic-well-being-us-households-201705.pdf (Accessed: 2017).

276. Anthony Cilluffo (2017) 5 facts about student loans. Pew Research Center. Available at: http://www.pewresearch.org/fact-tank/2017/08/24/5-facts-about-student-loans/ (Accessed: 2017).

277. The Smart Campaign (N/A) The Client Protection Principles. The Smart Campaign. Available at: https://www.smartcampaign.org/about/smart-microfinance-and-the-client-protection-principles (Accessed: 2017).

278. For more information on the Client Protection Principles, see: https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=4&ved=0ahUKEwiWrLGq19fZAhXBCcAKHf7TB48QFgg8MAM&url=https%3A%2F%2Fwww.unpri.org%2Fdownload_report%2F38575&usg=AOvVaw2FqmECcZpvzNCSosOOTd4m

279. The PRI did not include some sub-themes due to their complexity or lack of resources to integrate them in the current methodology.

EDUCATION

THEMATIC INVESTMENT

Definition

Companies and organisations that ensure equal access to all levels of education and/or vocational training for the population, including vulnerable groups such as low-income individuals, those with disabilities, indigenous peoples and children in vulnerable situations; and/or companies which provide support to teachers and educators across all levels of education. The companies and organisations focus on supporting education development to individuals that is affordable, with quality and non-discriminatory policies or practices for women, girls and minority groups. Source: combined definition from the United Nations Declaration on Human Rights Education and Training, and the Human Rights Council Resolution on the Right to Education.

Criteria

Information provided in this section is based on a study developed by the PRI, and assessed and validated by project stakeholders and participants of the Market Map consultation. Based on the definition above, companies that operate in the education sector must fulfil one or more of the criteria conditions below:

a) access to educational services, infrastructure and technologies targeting vulnerable groups, including low income groups, indigenous peoples, children in vulnerable situations, marginalised groups, people living in States and African countries, and disabled people;

b) education facilities and services that support gender equality and access for people with disabilities;

c) education facilities, services and technologies that operate in pre-primary, primary, secondary and tertiary education;

d) access to education services to teachers and educators across all levels of education; and

e) access to affordable and quality services for those groups highlighted in the definition above (i.e. low-income individuals, those with disabilities, indigenous peoples and children in vulnerable situations).

To complement the criteria above, identify companies that have formal strategies and policies to ensure:

1. adoption of the Client Protection Principles[280] (see the inclusive finance theme)[281];
2. protection, promotion and access to gender equality and disabled people;
3. promotion and support to marginalised and low-income groups; and
4. adoption of policies tackling discrimination and social and sexual harassment (protecting students and educators).

Since there are few standards that align with this theme, the criteria focus on the business types, initiatives and financial conditions below.

BUSINESS TYPE[282]

1. **Primary, secondary and higher education:** companies that manage schools and educational facilities.	2. **Master's:** companies that manage schools and educational facilities.	3. **Vocational and professional training:** companies that design and deliver vocational and professional training targeting students, educators and general professionals.	4. **Technology companies:** companies that develop and deliver technology services to educational facilities or final beneficiaries of educational programmes, including basic, secondary, higher education, Master's programmes and vocational training.

THEMATIC CONDITIONS[283]

1. Primary, secondary and higher education

General certification:

Not applicable

Comply with one or more initiative(s) (mandatory)

- Country is a signatory of the UN Convention on the Rights of the Child, or the Convention on the Rights of Persons with Disabilities, and the Universal Declaration of Human Rights.

Additional conditions (highly recommended): additional conditions are based on the criteria above and organised by: i) quality ii) accessibility iii) affordability iv) additional conditions.

i) Quality

- Comply with national regulations
- Comply with national certification bodies

2. Master's

General certification:

Not applicable

Comply with one or more initiative(s):

- Comply with the same structure and inputs of the business type above (item 1).

Additional conditions (highly recommended):

- Comply with the same structure and inputs of the business type in the left column (see business type 1).
- In addition:
  i) At least 20% of the students included in the groups above receive scholarships, fellowships and/or
  ii) At least 25% of the students receive economic support to study at an educational facility (i.e. meals, fee waiver, discounts of educational materials and appliances)

3. Vocational and professional training

General certification:

Not applicable

Comply with one or more initiative(s) (mandatory)

- Country is a signatory of the UN Convention on the Rights of the Child, or the Convention on the Rights of Persons with Disabilities, and the Universal Declaration of Human Rights

Additional conditions (highly recommended):

- Career advice and mentoring services is available for students and participants of vocational training services
- Scholarships or financial support (i.e. discounts, fee waivers) are available to low income groups and educators
- Courses and training services are designed to support the inclusion and participation of individuals with disabilities

4. Technology companies

General certification:

Not applicable

Comply with one or more initiative(s)

Not applicable

Additional conditions (mandatory):

- Comply with national regulations
- Comply with national certification bodies
- Provide services to educational facilities that adopt the thematic conditions highlighted above
- Develop and deliver educational products that respect the criteria provided in this theme

Continued over >

- Teachers are trained to work and teach specific groups (see criteria above) - Technical training is available to teachers, professors and educators with no additional costs - Educational facility has policies and procedures to track and monitor the quality of education of students and educators - Educational facility reports annually on the developments and results of its operations and educational impact to students and society **ii) Accessibility** - Facilities for people with disabilities - Educational facility has a written policy for gender equality - Educational facility has a written policy and framework to combat discrimination at all levels - Educational facility has educational materials and resources for disabled groups - High ratio of women in senior management (above the national ratio provided by the United Nations Development Programme or other national agency) - Teachers and educators have labour rights, including the right to join/participate in union(s) **iii) Affordability** - Educational facility provides scholarships and grants to low income groups, disabled individuals and marginalised groups in terms of: 1. At least 15% of the students included in the groups above receive scholarships 2. At least 20% of the students receive economic support to study at an educational facility (i.e. meals, fee waiver, discounts on educational materials and appliances) 3. Career advice and mentoring services is available for students (only for secondary and higher education facilities) 4. Teachers and educators have financial support from education facilities to develop technical and educational skills 5. Subsidised meals are available to students and educators **iv) Additional information (mandatory)** - Comply with national regulations - Comply with national certification bodies (if applicable)	iii) Educational facility provides opportunity for professional development (i.e. internships) iv) (If applicable) Master's programmes are listed in national or international rankings v) (If applicable) Master's programmes have a policy and specific initiatives to monitor/track alumni students and their professional development vi) Educational facilities have policies and programmes for social and community development (i.e. CSR, community working, pro-bono practices)	- Courses and training services are designed to support the inclusion of women and marginalised groups **Additional conditions (mandatory):** - Comply with national regulations - Comply with national certification bodies	

FINANCIAL CONDITIONS[284]		
For companies that directly provide products, services, infrastructure and services: 1. Identify if a company or organisation generates its revenues from one or more business type highlighted in the criteria and thematic conditions; 2. For those organisations that fulfil the conditions above, include only companies and organisations that generate at least 50% of their direct revenues from educational projects, facilities, technologies or services;	3. For organisations that generate their revenues from educational technologies that fit into the thematic criteria, identify those that generate at least 20% of their direct revenues from educational services; 4. (If applicable) if a company invests in R&D, determine the percentage of its investments in the targeted theme (at least 10% of total R&D investment allocation - year);	5. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing), total direct revenues through these investment types should be greater than 50%[285] of total revenues.

Common KPIs

IRIS ID	Name	Definition
PI2389	School enrolment: total	Number of students enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses.
PI1081	School enrolment: female	Number of female students enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses.
PI7254	School enrolment: poor	Number of poor students enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses.
PI5583	School enrolment: very poor	Number of very poor students enrolled as of the end of the reporting period, both full time and part-time, where each discrete student is counted regardless of number of courses.
PI2173	School enrolment: low income	Number of low income students enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses.
PI5954	School enrolment: disabilities	Number of students with disabilities enrolled as of the end of the reporting period, both full-time and part time, where each discrete student is counted regardless of number of courses.
PI7774	School enrolment: minorities/previously excluded	Number of students who belong to minority or previously excluded groups and are enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses.
OI5896	Teachers employed	Number of full time and part time teachers employed by the organisation as of the end of the reporting period.
PI3786	Student attendance rate	Rate of student attendance during the reporting period.
PI9910	Student drop-out rate	Percentage of students that were attending school at the beginning of the reporting period but dropped out during the reporting period.
PI4924	Student transition rate	Percentage of students advancing from one level of schooling to the next.
PI8372	Student tests pass rate	Percentage of school students passing standardised tests set by a regional governance body during the reporting period.
PI8836	Vocational/technical training	Number of students receiving vocational or technical training during the reporting period.
PI4509	Students provided full scholarship	Number of students receiving full scholarships during the reporting period.
PI3499	Students provided partial scholarship	Number of students receiving partial scholarships during the reporting period.

ADDITIONAL INFORMATION

- Financial incentives provided by a third party (i.e. governmental agency, non-governmental organisation or private entities) to support a company's operations targeting this thematic investment would be included as revenues/assets under management.
- Unless explicitly highlighted in this document, investments related to ESG considerations (a company's inputs) and internal operations (i.e. low carbon footprint practices) will not be included in this theme.
- A company's investments in grants, philanthropic initiatives and/or investments with no capital gains will not be included.
- A company's impact on the environmental and social groups and individuals generated by philanthropic or corporate social responsibility (CSR) projects and programmes will not be included.
- A company's financial operations (i.e. company A purchases green bonds from company B) will not be included as a thematic investment and should not be included in its thematic investment revenues/assets.
- Only a company's direct products, services, technologies and infrastructure related to this specific theme will be included in this thematic investment (i.e. company A providing machinery to company B that produces electric vehicles will not be included).
- Only direct revenues generated by products, services, technologies and infrastructure in the thematic investment above will be considered.

280. For more information, see: https://www.smartcampaign.org/about/smart-microfinance-and-the-client-protection-principles
281. See the inclusive finance theme.
282. Suppliers are included in this category.
283. For more information on the thematic conditions (certifications, initiatives) and their requirements (mandatory, highly recommended and voluntary), see Appendix 1.
284. All financial conditions presented in this section are based on the companies' benchmark, data providers (i.e. MSCI, FTSE) and main outputs agreed by the participants of the Impact Investing Market Map consultation process.
285. This percentage is based on the methodology condition developed by other data providers such as FTSE, MSCI.

HEALTH

Brief presentation

Access to health services and products[286] is a basic human right[287] as per the UN's central mission; the UN created the World Health Organisation (WHO) to help countries create policies, programmes and initiatives targeting safe, affordable and accessible health services and products to individuals in emerging, developing and developed countries.

Health is also linked to economic development. Not only do investments in health reduce mortality rates and increase life expectancies[288], they also help to boost productivity. Indeed, every $1 invested in education from now through 2035 would yield $9 to $20[289].

In addition, a recent study on the SDGs and health systems points out that "an additional $274 billion spending on health is needed per year by 2030 to make progress towards the SDG 3 targets (progress scenario), whereas US$371 billion would be needed to reach health system targets in the ambitious scenario"[290].

The investment opportunity in this field is enormous for private organisations, but most health systems, programmes and initiatives are under the supervision and responsibility of national and regional governments, and the private sector must comply with country regulations and norms.

Countries[291] use UN principles (including the SDGs) and WHO approaches/principles to tailor their own health policies[292, 293] and initiatives[294, 295]. Some countries[296], such as the UK, the Netherlands, Austria and Argentina, provide free healthcare services to their population, whereas the US and Chile have a more market-based approach (i.e. private healthcare). Every country has its own definition, policies and programmes to support private sector investments in healthcare.

In addition, investments and companies in the health sector are diverse and have different objectives and goals. A company can provide affordable medicine to clinics in developing countries[297], while another company engages in building and managing a hospital under a public-private partnership (PPP) model. Other companies only invest their capital in R&D to support further studies and research on diseases.

> "The Market Map is valuable because it provides standardised and well-structured guidance. It is ideally suited for regulated professionals or organisations with strong compliance requirements. It complements other approaches that are descriptive and highly customisable, which although may offer very specific insights, do not always produce comparable data about impact".
>
> Karl H Richter, Advisor, United Nations Development Programme

Access to health services and products can therefore involve different definitions, concepts and practices. Some organisations may consider soap and shampoo as basic health products, while others include water services as a health service. As a result, many organisations, including private impact investing companies, adopt different definitions that are not supported by major international organisations and UN bodies.

The difficulty in mapping health companies that fit the WHO's goals and the PRI's approach to mainstream impact investing is caused by varying definitions of health, as well as the scope and nature of health products, services, technologies and infrastructure.

To better frame this theme, the PRI reviewed almost 100 documents produced by the WHO, the World Bank, UN agencies and other multilateral organisations and recognised foundations. The PRI framed health services based on the WHO's principles and the SDGs, meaning this methodology targets health investments that focus on providing basic, affordable, safe and sustainable investments in health to individuals[298], particularly marginalised groups[299] and low income individuals and families.[300].

In addition, the Market Map includes the WHO's official list of essential[301] medicines[302], treatments and medicines (including R&D) targeting pandemic and epidemic diseases[303] , global burden diseases[304], healthcare facilities (including hospitals and basic health facilities) and technological products that address one or more of the diseases listed by the WHO.

Based on the information above, mainstream hospitals (for-profit only) and insurance services were not included in this methodology[305]. While the PRI appreciates the value of health insurance products to low income and marginalised groups, insurance is not covered in the WHO's principles[306], universal care[307] definitions and in the SDGs. The PRI may develop a specific thematic investment category for insurance services in future versions of the Market Map.

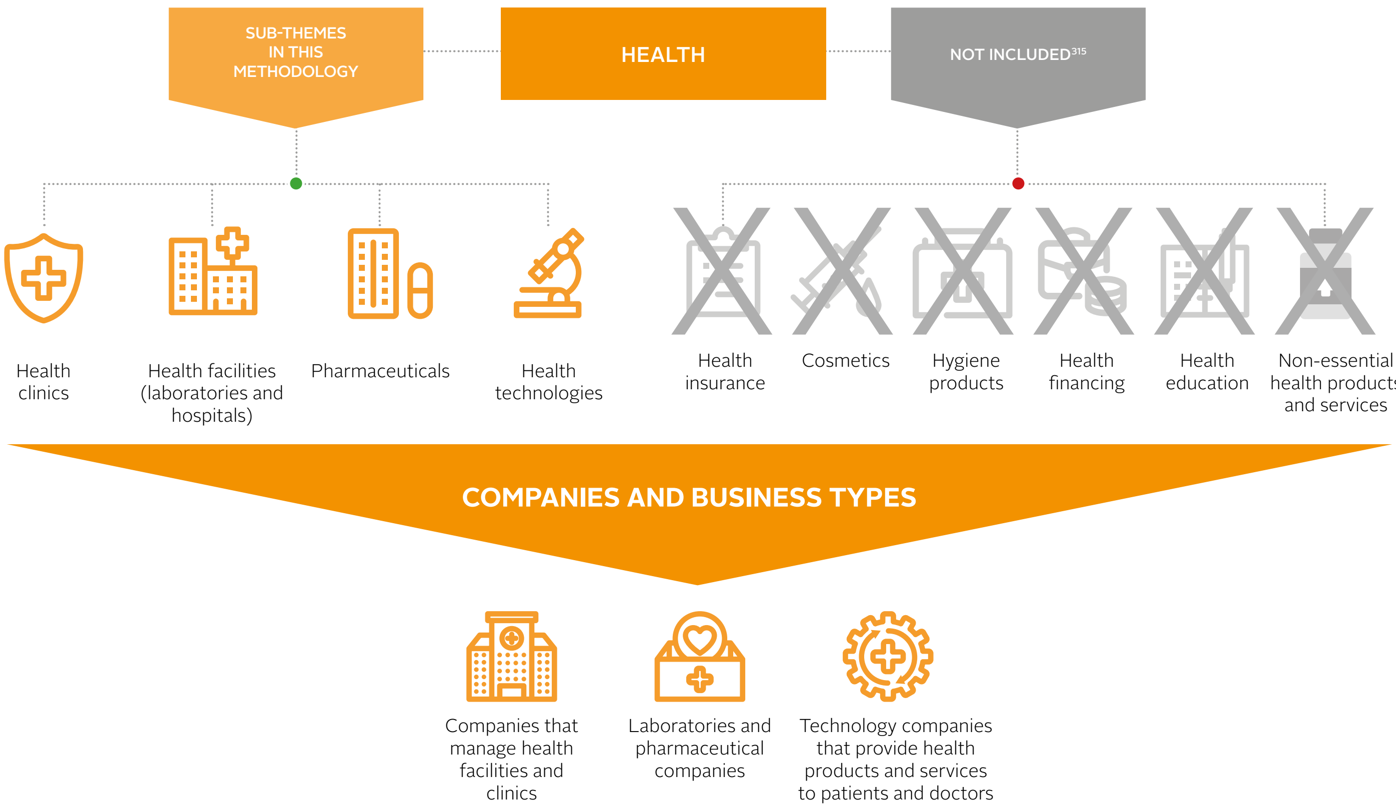
DESIGNING THE METHODOLOGY

The PRI adopted the definition of health used by the UN and the WHO[308] on universal coverage or universal health[309]:

Companies that serve the population with access to good quality services, health workers, medicines and technologies. To achieve these goals, when applicable, companies should provide equity in access to health services, quality of health services should be measurable, and, most importantly, companies should actively provide affordable services, products and technologies that will not create hardship or impoverishment from health cost.

Based on the WHO's health definition, the Market Map focuses on three pre-conditions:

- companies must comply with specific legal country conditions to provide access to health services without incurring financial hardship[310] to individuals;
- companies and other organisations should provide universal access to healthcare, including physical accessibility[311], affordability[312] and acceptability[313] of healthcare services and products; and
- only companies that fulfil both conditions (universal healthcare and access[314]) may be included in this methodology.



Based on the information above, the following pages are structured as a form containing information to identify impact investing companies in this theme. The form includes:

- a basic definition of the theme;
- thematic (i.e. business type) and financial (i.e. basic thresholds to determine an impact investing company) conditions; and
- a list of common KPIs used by practitioners and international organisations to measure the environmental and social performance of a specific theme.

HEALTH AND THE SDGS

As mentioned previously, the Market Map was designed using two different but complementary frameworks: the PRI Reporting Framework and the SDGs.

This section presents the main SDG(s) and its/their targets associated with water sub-themes and business types, based on an internal study conducted by the PRI SDG team and key stakeholders.

The goal of this section is to inform and contribute to discussions on the SDGs and impact investments. Organisations and individuals may use the information provided in this section to align their thematic investments with the SDGs and/or compare their work in this field to the Market Map.

The PRI identified the following SDG and its targets aligned with the health thematic investment:

3.1: By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births

3.2: By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births

3.3: By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases

3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being

3.5: Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol

3.7: By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes

3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

3.b: Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all

3.c: Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States

FINAL COMMENTS

This version of the Market Map focuses on the sub-themes highlighted above, and the PRI may include additional sub-themes and business types in future work.

It also includes common KPIs to assess the social and environmental impacts of specific themes and sub-themes. At this stage, the PRI uses KPIs from the IRIS catalogue, but may include those from other organisations (i.e. GRI, UNGC, SASB, and IFC standard indicators) in future versions.

The information provided in this theme is not designed to serve as a standard for impact investing companies operating in a specific theme or field. However, it can be used as a generic reference to assess companies in the health field or as a primary condition that a fund manager or investor can consider when evaluating potential investments.

The PRI and project partners do not differentiate or provide a ranking to determine which sub-theme is more impactful or advocate a specific theme or SDG.

Lastly, the Market Map is a tool to be refined and reviewed over time; this document is based on current information in the investment industry.

1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

HEALTH

THEMATIC INVESTMENT

Definition

Companies that serve the population with access to good quality services, health workers, medicines and technologies. To achieve these goals, when applicable, companies should provide equity in access to health services, quality of health services should be measurable, and, most importantly, companies should actively provide affordable services, products and technologies that will not create hardship or impoverishment from health cost. Source: WHO.

Criteria

The WHO definition covers a broad spectrum of products, services, technologies, infrastructure and projects to companies and organisations in the health industry. However, based on the definition above, there are four key conditions to align companies with the WHO's definition:

i) affordability of health services

ii) accessibility of health products and services

iii) safety of products and services

iv) measurability of companies' health impacts in society

Due to the variety of investments and business types in the health field, the PRI adopted a broad approach to identify companies and organisations that fulfil the conditions above. It is important to highlight that the WHO's definition does not include health insurance products or services. In this sense, health criteria are organised based on general and mandatory/highly recommended/voluntary conditions, with specific criteria for private health companies that provide specialised services and products. The information below highlights the basic conditions that every health company should comply with and those specific conditions required for companies investing in this field.

BUSINESS TYPE[316]		
1. **Laboratories and pharmaceutical companies:** companies responsible for managing laboratories and producing medicines.	2. **Health clinics and health facilities:** companies responsible for managing health facilities.	3. **Tech companies:** technology companies that develop and deliver products and services to health facilities and laboratories.
THEMATIC CONDITIONS[317]		
General certification (voluntary): - ISO 11616 (for regulated pharmaceutical product information) (or similar certification) - National health/sanitation/similar accreditation by a governmental agency or third-party organisation[319,320] - ISO 9001 (quality management systems or similar certification) - ISO 9004 (quality management systems or similar certification) - ISO 15189:2012 (for medical laboratories or similar certification) - ISO 15189:2012 (for medical laboratories)[321] - ISO 45001 (occupational health and safety) [322] **Comply with one or more initiative(s) (voluntary):** - Be listed in or a member of the Access to Medicine Index [323] - Battle against Respiratory Viruses - International Coordinating Group for access to vaccines for epidemics - Global Infection Prevention and Control Network - Global Influenza Surveillance and Response System - Global Leptospirosis Environmental Action Network - Meningitis Environmental Risk Information Technologies - Weekly Epidemiological Record - Emerging Diseases Clinical Assessment and Response Network	**Comply with two or more certifications (mandatory):** - National health/similar accreditation by a governmental agency or third-party organisation[328, 328] - Safe Effective Quality Health Services (SEQOHS) (UK) (or similar certification) - Improving Quality in Physiological Services (IQIPS) (or similar certification) - Care Quality Commission (or similar certification) (UK) - Health Standards Organisation (or similar certification) - ISO 9001 (quality management systems) (or similar certification) - ISO 9004 (quality management systems or similar certification) - ISO 26000 (guidance on social responsibility, which is not a standard or label, but should be identified)[330,331,332] - The Joint Commission[333] - ISO 45001 (occupational health and safety) [334] **Comply with one or more initiative(s) (voluntary):** - Battle against Respiratory Viruses - International Coordinating Group for access to vaccines for epidemics - Global Infection Prevention and Control Network - Global Influenza Surveillance and Response System - Global Leptospirosis Environmental Action Network	**Certifications (voluntary):** - ISO 50001 (or equivalent) - ISO 14001 (or equivalent) **Comply with one or more initiative(s) (voluntary):** - Battle against Respiratory Viruses - International Coordinating Group for access to vaccines for epidemics - Global Infection Prevention and Control Network - Global Influenza Surveillance and Response System - Global Leptospirosis Environmental Action Network - Meningitis Environmental Risk Information Technologies - Weekly Epidemiological Record - Emerging Diseases Clinical Assessment and Response Network **Additional conditions (highly recommended):** - Health technologies should be accessible and affordable to low income (based on country-level conditions), marginalised or minority groups. - Health technologies, products and services must target low income, marginalised or minority groups.

Continued over >

Additional conditions (mandatory):

- Comply with national regulations
- Comply with national certification bodies
- Based on the WHO's definition and on this investment/business type, identify if a company/organisation invests[324] (i.e. R&D) or generates revenues from medical products related to the following:

Buruli Ulcer	Trypanosomiasis
Onchocerciasis	HIV/AIDS
Chagas disease	Tuberculosis
Pompe disease	Influenza
Chikungunya	West Nile fever
Rabies	Leprosy
Cholera	Wilson's disease
SARS	Lower respiratory infections
Dengue	Yaws
Shigellosis	Malaria
Diarrhoeal diseases	Yellow fever
Trachoma	MERS-CoV
Gaucher disease	Zika

- Meningitis Environmental Risk Information Technologies
- Weekly Epidemiological Record
- Emerging Diseases Clinical Assessment and Response Network

Additional conditions (mandatory):

- Comply with national regulations
- Comply with national certification bodies

- Products and services must target one or more items below:
  a) Improvements in health infrastructure and facilities that support cost reduction and operational gains
  b) Support for health practitioners in assessing and diagnosing patients' health and treatment
  c) Support the development of medicines listed in the previous section

Additional conditions (mandatory):

- Comply with national regulations
- Comply with national certification bodies

FINANCIAL CONDITIONS[318]

For companies that directly provide products, services, infrastructure and services:

1. Identify if a company or organisation generates its revenues from one or more business type highlighted in the criteria and thematic conditions;
2. For those organisations that fulfil the conditions above, only include companies and organisations that generate at least 50% of their direct revenues from health operations, technologies, products or services;
3. (If applicable) for organisations that generate revenues from health technologies that fit into the thematic criteria, identify those that generate at least 30% of their direct revenues from health technologies;
4. (If applicable) if a company invests in general health R&D, determine the percentage of its investments in the targeted diseases covered in the thematic conditions (minimum 1% of total R&D investment allocation);
5. (If applicable) investments in R&D can substitute or complement a company's revenue conditions in items 2 and 3. In this case, investments in general R&D should complement or supplement a company's general revenues (50% of direct health revenues) or health technology revenues (30% of direct revenues);
6. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing), total direct revenues through these investment types should be greater than 50%[327] of total revenues.

Common KPIs		
IRIS ID	Name	Definition
PI8330	Client individuals: female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: low income	Number of unique low-income individuals who were clients of the organisation during the reporting period.
OI5323	Caregivers employed: total	Number of caregivers with current licenses, certifications, or trainings based on local requirements, employed by the organisation as of the end of the reporting period.
PI3902	Health intervention completion rate	Percentage of the organisation's clients, or patients, who successfully completed the course of a health intervention during the reporting period.

ADDITIONAL INFORMATION

- Financial incentives provided by a third party (i.e. governmental agency, non-governmental organisation or private entities) to support a company's operations targeting this thematic investment would be included as revenues/assets under management.
- Unless explicitly highlighted in this document, investments related to ESG considerations (a company's inputs) and internal operations (i.e. low carbon footprint practices) will not be included in this theme.
- A company's investments in grants, philanthropic initiatives and/or investments with no capital gains will not be included.
- A company's impact on the environmental and social groups and individuals generated by philanthropic or corporate social responsibility (CSR) projects and programmes will not be included.
- A company's financial operations (i.e. company A purchases green bonds from company B) will not be included as a thematic investment and should not be included in its thematic investment revenues/assets.
- Only a company's direct products, services, technologies and infrastructure related to this specific theme will be included in this thematic investment (i.e. company A providing machinery to company B that produces electric vehicles will not be included).
- Only direct revenues generated by products, services, technologies and infrastructure in the thematic investment above will be considered.

286. Healthcare, access to basic health services, essential health packages, universal coverage, affordable healthcare and universal access are some of the many definitions, strategies and approaches to deliver healthcare services and products to individuals. Each of these categories cover a specific area and goal in the health field. Unfortunately, due to the complexity of identifying data on all types of categories, the PRI takes a narrower approach towards health services and products and aligns its definition to access to health services and products based on the World Health Organisation's definition of universal care and universal access. For more information on this topic, see: http://www.who.int/healthsystems/topics/delivery/technical_brief_ehp.pdf.

287. United Nations (1948) United Nations Human Rights Declaration. United Nations. Available at: http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/217(III) (Accessed: 2017).

288. Arnaud Bernaert, Vanessa Candeias (2017) Why high returns await those investing in health. World Economic Forum. Available at: https://www.weforum.org/agenda/2017/07/why-high-returns-await-those-investing-in-health (Accessed: 2017).

289. Dean Jamison, Gavin Yamey, Naomi Beyeler, Hester Wadge (2016) Investing in Health: Economic Case. Qatar Foundation. Available at: http://www.wish.org.qa/wp-content/uploads/2018/01/IMPJ4495_WISH_Investing_in_Health_WEB.pdf (Accessed: 2017).

290. Karin Stenberg, Odd Hanssen, Tessa Tan-Torres Edejer, Melanie Bertram, Callum Brindley, Andreia Meshreky, James E Rosen, John Stover, Paul Verboom, Rachel Sanders, Agnès Soucat. (2017) Financing transformative health systems towards achievement of the health Sustainable Development Goals: a model for projected resource needs in 67 low-income and middle-income countries. Lancet Glob Health. Available at: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5554796/ (Accessed: 2017).

291. Paris, V., M. Devaux and L. Wei (2010), "Health Systems Institutional Characteristics: A Survey of 29 OECD Countries", OECD Health Working Papers, No. 50, OECD Publishing, Paris. Available at:https://doi.org/10.1787/5kmfxfq9qbnr-en.

292. Thomas Rice, Lynn Y Unruh, Pauline Rosena, Andrew J Barnes, Richard B Saltman, Ewout van Ginneken (2014) Challenges facing the United States of America in implementing universal coverage. WHO. Available at: http://www.who.int/bulletin/volumes/92/12/14-141762/en/ (Accessed: 2017).

293. For more information, see: http://ps4h.org/globalhealthdata.html

294. British Council (N/A) Access to healthcare. British Council. Available at: https://www.euraxess.org.uk/united-kingdom/essential-information/healthcare/access-healthcare (Accessed: 2017).

295. WHO (N/A) Achieving universal access to quality health services. WHO. Available at: http://www.who.int/healthsystems/topics/health-law/chapter7.pdf?ua=1(Accessed: 2017).

296. European Commission (2014) Investments in Health. European Commission. Available at: https://ec.europa.eu/health//sites/health/files/health_structural_funds/docs/esif_guide_en.pdf(Accessed: 2017).

297. Hong Wang, Tesfaye Dereje, Benedict Harris. (2010) Who Benefits from Government Subsidies to Public Health Facilities in Liberia?. USAID. Available at: http://pdf.usaid.gov/pdf_docs/pnadz303.pdf (Accessed: 2017).

298. UNESCO (N/A) Poverty. UNESCO [Online]. Available at: http://www.unesco.org/new/en/social-and-human-sciences/themes/international-migration/glossary/poverty/ (Accessed: 2016).

299. The international community organises and defines poverty in different terms and levels, yet there is no international consensus on guidelines for measuring poverty. For UNICEF, poverty can be organised as: i) income poverty: when a family's income fails to meet a federally established threshold that differs across countries; ii) extreme poverty: set to the possession of less than 1$ a day; iii) absolute poverty: poverty in relation to the amount of money necessary to meet basic needs such as food, clothing and shelter; iv) relative poverty: poverty in relation to the economic status of other members of the society.

300. The Market Map focuses on income poverty. For more information on this topic, please see endnote above.

301. The PRI focuses on diseases that generally target low-income groups or marginalised populations in emerging economies and poor countries.

302. WHO (2015) List of Essential Medicines. WHO. Available at: http://www.who.int/medicines/publications/essentialmedicines/EML2015_8-May-15.pdf(Accessed: 2016).

303. WHO (2018) Pandemic, epidemic diseases. WHO. Available at: http://www.who.int/csr/disease/en/ (Accessed: 2018).

304. Colin Mathers, Doris Ma Fat, Ties Boerma (2004) Global Burden Disease. WHO[Online]. Available at: http://www.who.int/healthinfo/global_burden_disease/GBD_report_2004update_full.pdf?ua=1 (Accessed: 2017).

305. For the PRI, insurance services are a specific thematic investment that can be used in multiple themes and investments, such as SME insurance, housing insurance, green building insurance, solar panel insurance etc. Having said that, the PRI will include insurance as a special category of impact investing, as well as basic infrastructure (i.e. hospitals, schools, etc.). The focus of this methodology is thus to cover companies that invest in direct services, products and technology on health services. It is important to mention that there are still challenges to frame health services and products. Additional resources should be employed to support further studies in this methodology.

306. WHO (N/A) About WHO. WHO [Online]. Available at: http://www.who.int/about/mission/en/ (Accessed: 2016).

307. WHO (N/A) What is universal coverage?. WHO [Online]. Available at: http://www.who.int/health_financing/universal_coverage_definition/en/ (Accessed: 2016).

308. Christopher Dye, Ties Boerma, David Evans, Anthony Harries, Christian Lienhardt, Joanne McManus, Tikki Pang, Robert Terry, Rony Zachariah (2013) World Health Report. WHO [Online]. Available at: http://apps.who.int/iris/bitstream/10665/85761/2/9789240690837_eng.pdf?ua=1(Accessed: 2016).

309. David B Evans, Justine Hsu, Ties Boerma (2013) Universal health coverage and universal access. WHO [Online]. Available at: http://www.who.int/bulletin/volumes/91/8/13-125450/en/ (Accessed: 2016).

310. For more information, see: https://web.archive.org/web/20100125175655/http://www.euro.who.int/document/e85400.pdf

311. Physical accessibility. This is understood as the availability of good health services within reasonable reach of those who need them and of opening hours, appointment systems and other aspects of service organisation and delivery that allows people to obtain the services when they need them (source: World Health Organisation).

312. Financial affordability. This is a measure of people's ability to pay for services without financial hardship. It considers not only the price of the health services but indirect and opportunity costs (e.g. the costs of transportation to and from facilities and of taking time away from work). Affordability is influenced by the wider health financing system and by household income (source: World Health Organisation).

313. Acceptability. This captures people's willingness to seek services. Acceptability is low when patients perceive services to be ineffective or when social and cultural factors such as language or the age, sex, ethnicity or religion of the health provider discourage them from seeking services (source: World Health Organisation).

314. Based on WHO's Annual Report 2014, "In 2005, all WHO Member States made the commitment to achieve universal health coverage. The commitment was a collective expression of the belief that all people should have access to the health services they need without risk of financial ruin or impoverishment. Working towards universal health coverage is a powerful mechanism for achieving better health and well-being, and for promoting human development".

315. The PRI didn't include some sub-themes due to their complexity or lack of resources to be integrated in the current methodology.

316. Suppliers are included in this category.

317. For more information on the thematic conditions (certifications, initiatives) and their requirements (mandatory, highly recommended and voluntary), see Appendix 1.

318. All financial conditions presented in this section are based on the companies' benchmark, data providers (i.e. MSCI, FTSE) and main outputs agreed by the participants of the Impact Investing Market Map consultation process.

319. An example of third party organisation in this field: http://international.nabh.co/Hospitals.aspx

320. Kedar S Mate, Anne L Rooney, Anuwat Supachutikul, Girdhar Gyani (2014) Accreditation as a path to achieving universal quality health coverage. Global Health[Online]. Available at: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4200136/(Accessed: 2017).

321. For more information, see: https://www.iso.org/obp/ui/#iso:std:iso:15189:ed-3:v2:en

322. For more information, see: https://www.iso.org/obp/ui/#iso:std:iso:45001:dis:ed-1:v1:en

323. For more information, see: https://accesstomedicineindex.org/overall-ranking/

324. WHO's pandemic and epidemic diseases list.

325. Based on MSCI's Sustainability Index, health list/criteria.

326. Based on the WHO list of global burden diseases.

327. This percentage is based on the methodology condition developed by other data providers such as FTSE, MSCI.

328. An example of a third-party organisation in this field: http://international.nabh.co/Hospitals.aspx

329. Kedar S Mate, Anne L Rooney, Anuwat Supachutikul, Girdhar Gyani (2014) Accreditation as a path to achieving universal quality health coverage. Global Health[Online]. Available at: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4200136/(Accessed: 2017).

330. For more information, see: http://www.iso.org/iso/home/standards/iso26000.htm

331. For more information, see: https://www.iso.org/obp/ui/#iso:std:iso:26000:ed-1:v1:en

332. The purpose of this ISO is to provide a technical reference for companies that are in the health businesses committed to provide products to marginalized groups or provide affordable services and products.

333. For more information, see: https://www.jointcommission.org/accreditation/accreditation_main.aspx

334. For more information, see: https://www.iso.org/obp/ui/#iso:std:iso:45001:dis:ed-1:v1:en

INCLUSIVE FINANCE

Brief presentation

According to the Principles for Investors in Inclusive Finance (PIIF), about two billion adults – more than half of the world's working population – are excluded from formal financial services. In developing countries, 80% of the most economically disadvantaged individuals do not have bank accounts[335,336].

Inclusive finance bridges this gap, offering savings, credit, insurance, remittances and payments services to those who would otherwise not have access to them.

Inclusive finance is a mature industry and well known to impact investing companies. A study by ING[337] indicates that total AUM in the inclusive finance is over $80 billion, and international organisations such as the World Bank, IFC, Inter-American Investment Corporation, FMO and others play an important role in catalysing investments as well as in fostering technical skills, metrics and approaches to best identify and invest in companies in emerging economies.

In addition, there are large NGOs and international networks that specialise in promoting best practices in inclusive finance, as well as in defining voluntary standards and metrics for investors and microfinance finance institutions.For instance, the Social Performance Task Force (SPTF), the PIIF[338] and Inclusive Finance Network design basic criteria and baselines for responsible investors in this industry.

These organisations and other inclusive finance networks work together and share resources and knowledge on the inclusive finance topic, and it is one of few examples of institutional coordination in the impact investing industry. Inclusive finance organisations and investors are also known for their expertise in measuring and collecting impact data.

Nevertheless, challenges remain. Firstly, there are no institutional certifications available to verify inclusive finance institutions. Secondly, inclusive finance data is not linear or standardised, and most of the Microfinance Finance Institutions (MFIs) and investors in this field provide self-reported data (i.e. GIIN, PIIF, SPTF). Lastly, it is a market that is designed for traditional impact investing organisations.

Since the scope of the Market Map is to bring more clarity to the impact investing industry, and take impact investments to the mainstream, the PRI developed a methodology using information from the PIIF, SPTF and mid and large-scale financial institutions that operate in the inclusive finance field. Concepts and approaches used by traditional impact investors (i.e. theory of change and additionality) were removed, since these belong to the more illiquid or early-stage impact investing industry.

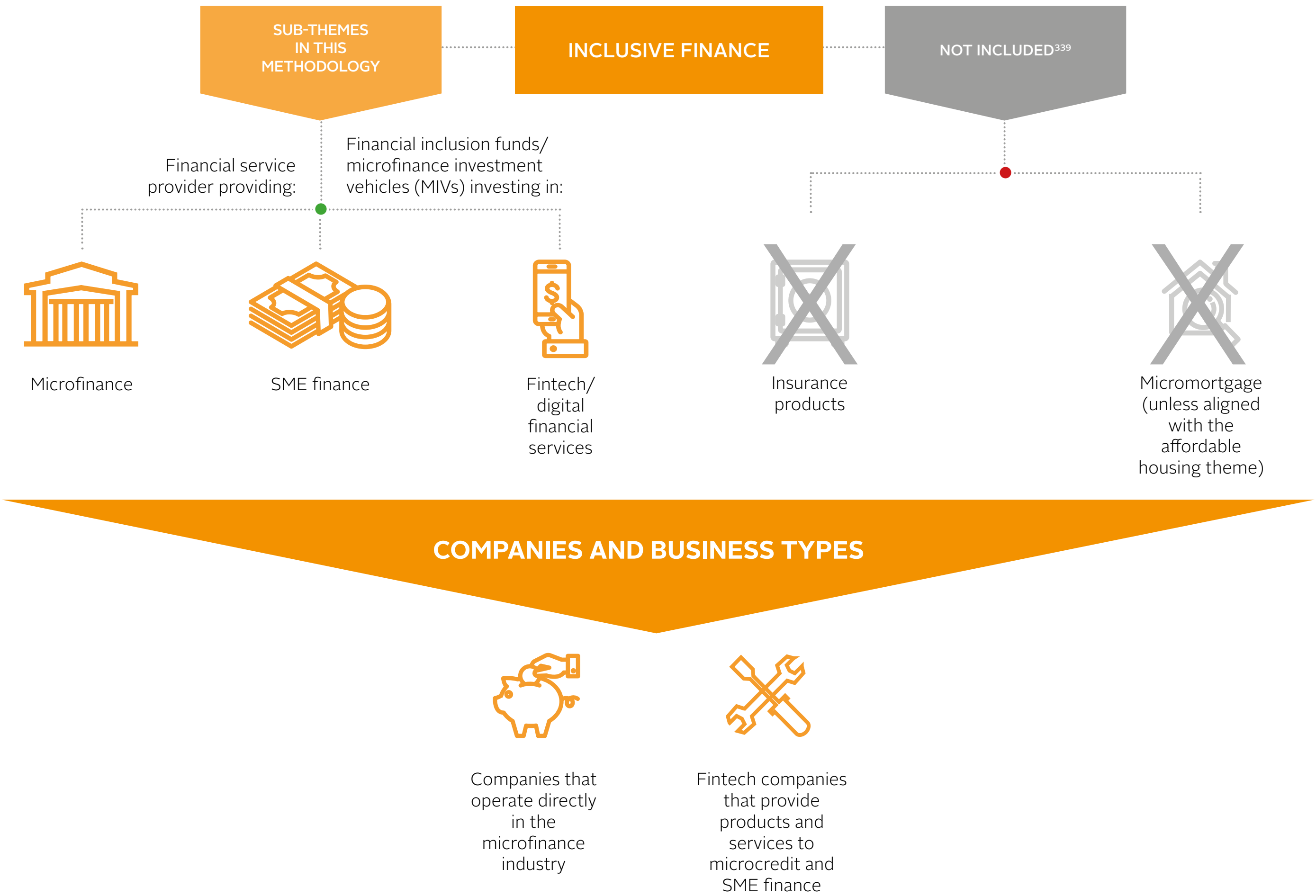
"The Market Map project brings more structure to the impact investing world, particularly for investors. It's a rich platform, giving a clear overview of companies active in each thematic area, and hosting common terms".

Adisty Raissa Fitri, Sustainability Portfolio Analyst, Triodos Investment Management

DESIGNING THE METHODOLOGY

The PRI used the definition of inclusive finance provided by the Principles for Investors in Inclusive Finance (PIIF):

"Inclusive finance is defined so as to include microfinance and SME finance. Microfinance includes investments in retail institutions that provide financial services such as loans, savings, insurance and other basic services to low-income clients who run productive activities and who traditionally have lacked access to banking and related financial services. SME financing refers to providing financial services to small- and medium-sized enterprises that may struggle to access banking and related financial services."



Based on the information above, the following pages are structured as a form containing information to identify impact investing companies in this theme. The form includes:

- a basic definition of the theme;
- thematic (i.e. business type) and financial (i.e. basic thresholds to determine an impact investing company) conditions; and
- a list of common KPIs used by practitioners and international organisations to measure the environmental and social performance of a specific theme.

INCLUSIVE FINANCE AND THE SDGS

As mentioned previously, the Market Map was designed using two different but complementary frameworks: the PRI Reporting Framework and the SDGs.

This section presents the main SDG(s) and its/their targets associated with inclusive finance sub-themes and business types, based on an internal study conducted by the PRI SDG team and key stakeholders.

The goal of this section is to inform and contribute to discussions on the SDGs and impact investments. Organisations and individuals may use the information provided in this section to align their thematic investments with the SDGs and/or compare their work in this field to the Market Map.

FINAL COMMENTS

This version of the Market Map focuses on the sub-themes highlighted above, and the PRI may include additional sub-themes and business types in future work.

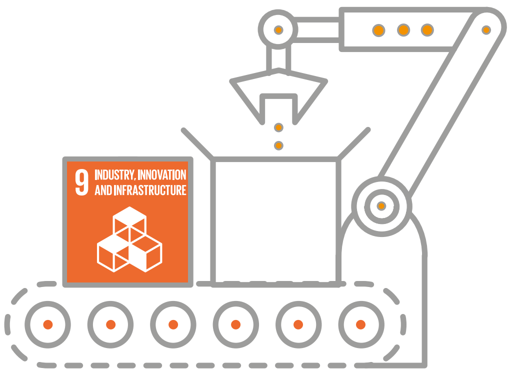
It also includes common KPIs to assess the social and environmental impacts of specific themes and sub-themes. At this stage, the PRI uses KPIs from the IRIS catalogue, but may include those from other organisations (i.e. GRI, UNGC, SASB, and IFC standard indicators) in future versions.

The information provided in this theme is not designed to serve as a standard for impact investing companies operating in a specific theme or field. However, it can be used as a generic reference to assess companies in the inclusive finance field or as a primary condition that a fund manager or investor can consider when evaluating potential investments.

The PRI and project partners do not differentiate or provide a ranking to determine which sub-theme is more impactful or advocate a specific theme or SDG.

Lastly, the Market Map is a tool to be refined and reviewed over time; this document is based on current information in the investment industry.

The PRI identified the following SDGs and targets aligned with the inclusive finance thematic investment:



8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

INCLUSIVE FINANCE

THEMATIC INVESTMENT

Definition

"Inclusive finance is defined so as to include microfinance and SME finance. Microfinance includes investments in retail institutions that provide financial services such as loans, savings, insurance and other basic services to low-income clients who run productive activities and who traditionally have lacked access to banking and related financial services. SME financing refers to providing financial services to small- and medium-sized enterprises that may struggle to access banking and related financial services." Source: Principles for Investors in Inclusive Finance.

Criteria

The PRI identified that inclusive finance investments, policies and practices are usually designed by financial service providers (including local and/or national banks, NGOs and MFIs), microfinance investment vehicles (MIVs), local financial regulators and supervisors and/or facilities created by development financial institutions (such as the IFC, World Bank and Inter-American Development Bank). Global initiatives (such as SPTF, PIIF, UNCDF, Responsible Inclusive Finance working group and others) provide a baseline to identify, track and measure the social performance or impact of investments in this field. Inclusive finance investments (at the company level) can be evaluated through different types of certifications, ratings and third-party assessments (such as through endorsing the Client Protection Principles and financial and social ratings). At the fund/MIV level, there are inclusive finance-specific (such as LuxFlag Microfinance Label, CERISE Social Audit tool for Microfinance Intermediaries) as well as general (GIIRS rating) certifications and assessments. A possible approach to identify and collect data on inclusive finance investments is through specialised data providers (i.e. MIX Market), global initiatives (i.e. PIIF, SPTF, Smart Campaign) and based on financial organisations' financial reports or social dashboards.

BUSINESS TYPE[340]

1. **Financial services provider:** companies and organisations that provide products and services including, but not limited to, loans, savings, remittances, cash management, factoring, leasing and mortgages.	2. **Financial inclusion funds/MIVs:** companies and organisa-tions that provide products and services including, but not limited to loans, savings, remittances, cash manage-ment, factoring, leasing and mortgages.	3. **Fintech companies:** fintech companies that develop and deliver products and services to inclusive finance institutions.

THEMATIC CONDITIONS[341]

General certification (highly recommended) (comply with one or more certifications): - Smart Campaign - Financial, institutional and social ratings - CERISE SPI4 audits - Truelift **Comply with one or more initiative(s) (highly recommended):** - Universal Standards for Social Performance Management (SPTF) - Principles of Investors in Inclusive Finance (PIIF) - Principles for Responsible Investment (PRI) - Responsible Digital Payment Guidelines by Better than Cash Alliance **Additional conditions (mandatory):** - Comply with national regulations - Comply with national certification bodies - Inclusive finance organisation or financial institution should comply with the Smart Campaign's Client Protection Principles (CPP) - i.e. have formal policies and procedures in place that comply with the CPP – and must publicly endorse and promote the CPP.	**Certifications (voluntary):** - Not applicable **Comply with one or more initiative(s) (highly recommended):** - Universal Standards for Social Performance Management (SPTF) - SPI4 - Alinus - Principles of Investors in Inclusive Finance (PIIF) - LuxFLAG - GIIRS **Additional conditions (highly recommended):** - Inclusive finance organisation or financial institutions should comply with the Smart Campaign's Client Protection Principles (CPP) - i.e. have formal policies and procedures in place that comply with the CPP – and must publicly endorse and promote the CPP. **Additional conditions (mandatory):** - Comply with national regulations - Comply with national certification bodies	**Certifications (voluntary):** - Not applicable **Comply with one or more initiative(s) (highly recommended):** - Universal Standards for Social Performance Management (SPTF) - SPI4 - Alinus - Principles of Investors in Inclusive Finance (PIIF) - LuxFLAG - GIIRS - IFC community of practice[345] - Smart community of practice[346] **Additional conditions (mandatory):** - Comply with national regulations - Comply with national certification bodies

THEMATIC CONDITIONS[342]

For companies that directly provide products, services, infrastructure and services:

1. Identify if a company or organisation has AUM or revenues in one or more business and investment type highlighted in the criteria and thematic conditions;
2. For all companies or organisations such as retail banking (commercial banks), non-bank financial institutions, non-governmental organisations, foundations and credit unions: include those that would have at least 50% (ideally 60-70%) of total AUM or 75% of revenue[343] coming from microfinance services and/or products;
3. For SME finance, 20% of AUM or 100% of revenue coming from SME finance services and/or products;
4. Possible exception of going below 50% would be if the institution also has AUM or generates revenues in other thematic investments of the Market Map (e.g. sustainable agriculture, renewable energy, affordable housing) and the combined portfolio represents at least 50% of revenue/AUM.

For suppliers that provide crucial components or services to the business types highlighted in this theme:

1. Identify if a company or organisation generates its revenues from one or more business type highlighted in the criteria and thematic conditions;
2. For those organisations that fulfil the conditions above, identify only companies and organisations that generate 100%[344] of their direct revenues through inclusive finance products, services, technologies and projects;
3. (If applicable) if a company generates revenues from two or more thematic investment types (i.e. energy efficiency, sustainable agriculture, renewable energy, affordable housing) highlighted in the thematic conditions, total direct revenues through these investment types should be greater than 70% of total revenues.

Common KPIs

IRIS ID	Name	Definition
PI8330	Client individuals: female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: low income	Number of unique low income individuals who were clients of the organisation during the reporting period.
PI4940	Client organisations: SME	Number of small-to-medium enterprises (SMEs) that were clients of the organisation during the reporting period.
PD7932	Environmental policies for financial services clients	Indicates whether the organisation implements environmental policies associated with the organisation's financing practices.
PI5691	Jobs maintained at directly supported/ financed enterprises: total	Number of full-time equivalent employees working for enterprises financed or supported by the organisation at the beginning of the reporting period who remain at the organisation as of the end of the reporting period.
PI3687	Jobs created at directly supported/financed enterprises: total	Net number of new full-time equivalent employees working for enterprises financed or supported by the organisation between the beginning and end of the reporting period.

ADDITIONAL INFORMATION

- Financial incentives provided by a third party (i.e. governmental agency, non-governmental organisation or private entities) to support a company's operations targeting this thematic investment would be included as revenues/assets under management.
- Unless explicitly highlighted in this document, investments related to ESG considerations (a company's inputs) and internal operations (i.e. low carbon footprint practices) will not be included in this theme.
- A company's investments in grants, philanthropic initiatives and/or investments with no capital gains will not be included.
- A company's impact on the environmental and social groups and individuals generated by philanthropic or corporate social responsibility (CSR) projects and programmes will not be included.
- A company's financial operations (i.e. company A purchases green bonds from company B) will not be included as a thematic investment and should not be included in its thematic investment revenues/assets.
- Only a company's direct products, services, technologies and infrastructure related to this specific theme will be included in this thematic investment (i.e. company A providing machinery to company B that produces electric vehicles will not be included).
- Only direct revenues generated by products, services, technologies and infrastructure in the thematic investment above will be considered.

335. Kurt A Morriesen (2016) Report on Progress in Inclusive Finance. UNPRI [Online]. Available at: https://www.unpri.org/download?ac=4532 (Accessed: 2016).
336. Kurt A Morriesen (2017) Report on Progress in Inclusive Finance 2016. UNPRI[Online]. Available at: https://www.unpri.org/download?ac=4533 (Accessed: 2017).
337. I.J. Unger, G. Hieminga (2012) A Billion Gain? Dutch Contributions to the Microfinance Sector. ING [Online]. Available at: http://www.inclusivefinanceplatform.nl/documents/Documents/Publications/a%20billion%20to%20gain%202012.pdf(Accessed: 2016).
338. For more information, see: https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0ahUKEwiNga_4s9raAhUOWsAKHX9kADoQFggnMAA&url=https%3A%2F%2Fnew.unpri.org%2Fdownload_report%2F6193&usg=AOvVaw1-eVHgzsT4hnYkmrSJ2ANL
339. The PRI didn't include some sub-themes due to their complexity or lack of resources to be integrated in the current methodology.
340. Suppliers are included in this category.
341. For more information on the thematic conditions (certifications, initiatives) and their requirements (mandatory, highly recommended and voluntary), see Appendix 1.
342. All financial conditions presented in this section are based on the companies' benchmark, data providers (i.e. MSCI, FTSE) and main outputs agreed by the participants of the Impact Investing Market Map consultation process.
343. Revenue threshold applicable mostly for companies such as fintech providers, where AUM is not relevant. Otherwise AUM threshold is recommended.
344. This reference is based on the results of the consultation process of the Impact Inventing Market Map from December 2017 to February 2018.
345. https://responsiblefinanceforum.org/wp-content/uploads/2018/04/Guidelines-for-Investing-in-Responsible-Digital-Financial-Inclusion.pdf
346. https://www.smartcampaign.org/about/fintech-protects-community-of-practice

APPENDICES

Appendix 1: definitions and concepts

Appendix 2: methodology

Appendix 3: practical questions for investors and fund managers

Appendix 4: SDG matrix and themes

Appendix 5: KPIs

Appendix 6: topics not included in the Market Map

APPENDIX 1: DEFINITIONS AND CONCEPTS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)[24]

The environmental, social and governance metrics that investors apply to measure the sustainability of, and risk associated with, their investments. These factors are:

Environmental: issues such as those connected to global warming, energy usage and pollution.

Social: factors such as how a company treats its workers, health and safety considerations, and community outreach.

Governance: topics including business ethics, board structure and independence, executive compensation policies and accounting.

Impact investing definitions used in the Market Map

ILLIQUID OR EARLY-STAGE IMPACT INVESTING (TRADITIONAL IMPACT INVESTING)

"Investments made into companies, organizations, and funds with the intention to generate measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending upon the circumstances. Impact investors actively seek to place capital in businesses and funds that can harness the positive power of enterprise."

(Global Impact Investing Network, 2012)

MAINSTREAM IMPACT INVESTING

Companies and organisations that generate revenues (based on market rate returns) from products, services, technology and infrastructure that deliver solutions (or positive impacts) to society and the environment.

In this sense, impact investments refer to an organisation's outputs (i.e. products and services that are directly related to its business model and revenues) and outcomes (created by an organisation's outputs), rather than inputs (i.e. ESG practices and policies, CSR initiatives and risk mitigation tools). Additionally, the concept of impact (both primary and direct) is associated with companies' environmental and social outputs only; governance factors are excluded.

TYPES OF IMPACT

Primary and secondary impacts[25]
Organisations and investments can have different impacts on society and the environment. For instance, SME finance may provide micro-loans to a small company (primary impact) that could be used to purchase solar panels (secondary impacts). In this project, the PRI focuses on companies and organisations that generate primary impacts.

Direct and indirect impacts (direct beneficiaries)
Different companies and organisations can track the direct, indirect and cumulative impacts[26] of their investments. The World Bank[27] defines direct impacts as investments that have a direct and clear cause-effect relationship with an output (a company's products and services)[28]. In this project, we track the direct impact of thematic investments only.

THEMATIC AND FINANCIAL CONDITIONS

As part of the Market Map methodology, the thematic and financial conditions are basic criteria that organise specific business types with essential certifications and initiatives. The thematic and financial conditions represent the practical steps to distinguish an impact investing company from a non-impact investing company.

24 Albert Desclée, Jay Hyman, Lev Dynkin, Simon Polbennikov. (2016) Sustainable Investing and Bond Returns. Barclays. Available at: http://bit.ly/Barclays_Sustainable_Bonds [Accessed: 2017].

25 Methodologic approach used by the GIIN.

26 For this methodology and tool, impact is associated with organisations' social and/or environmental outputs.

27 World Bank (2011) Types of Environmental Impact. World Bank. Available at: http://bit.ly/World_Bank_Types_of_Impact [Accessed: 2016].

28 Both primary and direct impacts are similar, but the former focuses on the investment goal and the second on the beneficiary type.

a) Thematic conditions

Thematic investments target specific social or environmental themes and can be used by investors for ESG investing or impact investing. The thematic investments covered in this document are:

- Energy efficiency
- Green buildings
- Renewable energy
- Sustainable agriculture
- Sustainable forestry
- Water
- Affordable housing
- Education
- Health
- Inclusive finance

Business types
Companies and organisations operating under a specific definition of a thematic investment of the Market Map. This means that some business types may not be found in one or more themes due to methodologic limitations, the definition used to frame a specific theme, or due to the complexity in designing specific conditions for these business types.

Certifications
The PRI understands that certifications are one of the many approaches used by impact companies to demonstrate their intentionality (purpose) and additionality of their commercial products, services and projects. Some certifications may focus more on ESG factors (input level), company products (output level) or business models and systems (i.e. integrated certifications for green buildings).

Initiatives
For some thematic investments and business types, there are no exact certifications. The main reason for this is the complex nature of the impact investing ecosystem and the difficulty in defining basic standards and procedures to assess companies and businesses in a certain field. The PRI and project partners therefore developed a third level of assessment focused on identifying associations, initiatives, communities of practices and networks of organisations committed to providing guidance and accountability to businesses operating in a certain field and thematic investment (i.e. SPTF is a reference for inclusive finance organisations).

Thematic conditions requirements for certifications and initiatives
The PRI organises the sub-thematic conditions (certifications, initiatives and additional information) in order of relevance, of which there are three:

1. **Voluntary certification/initiative:** certifications or initiatives that are directly linked to a thematic investment and provide good evidence that an organisation differentiates from its peers. Voluntary certifications are usually associated with processes and ESG factors that are somehow aligned with a thematic investment.

2. **Highly recommended certification/initiative:** these certifications or initiatives are directly aligned with a thematic investment or business type. These certifications or initiatives are not regarded as essential to differentiate one business from another.

3. **Mandatory certification/initiative:** certifications and initiatives that are not only aligned with a thematic investment or company business type, but are crucial to label a business type as impactful. For instance, a green building that is not certified cannot be considered as a green building.

b) Financial conditions

Financial conditions target specific financial ratios to identify an impact investing company operating in a specific theme. Financial ratios focus on companies' revenues, investments in R&D and AUM (for inclusive finance only). Additional financial conditions may be included in future versions of the Market Map. For more information on the financial conditions, see Appendix 2.

Other definitions

Poverty
The international community organises and defines poverty in different terms and levels, yet there is no international consensus on guidelines for measuring poverty. For UNICEF, poverty can be organised as:

- income poverty: when a family's income fails to meet a federally-established threshold that differs across countries;
- extreme poverty: set to the possession of less than $1 a day;
- absolute poverty: poverty in relation to the amount of money necessary to meet basic needs such as food, clothing and shelter; and
- relative poverty: poverty in relation to the economic status of other members of the society.

Multidimensional poverty
A concept adopted by the United Nations to access poverty at different levels. The UN created the Multidimensional Poverty Index (MPI) in 2010. The MPI can be adapted to the national level using indicators and weights that make sense for the region or the country; it can also be adopted for national poverty eradication programmes, and it can be used to study changes over time. For more information on the MPI, see here.

Low-income countries
Based on the World Bank, "low-income economies are defined as those with a GNI per capita, calculated using the World Bank Atlas method, of $1,025 or less in 2015; lower middle-income economies are those with a GNI per capita between $1,026 and $4,035; upper middle-income economies are those with a GNI per capita between $4,036 and $12,475; high-income economies are those with a GNI per capita of $12,476 or more. The updated GNI per capita estimates are also used as input to the World Bank's operational guidelines that determines lending eligibility". For more information, see here.

APPENDIX 2: METHODOLOGIES

The Market Map is the result of a methodologic study developed by the PRI and key stakeholders[29]. The PRI developed methodologies for 10 thematic investments, with information collected and assessed across five levels:

- Literature review
- Data provider resources
- Market practices
- Interviews with practitioners
- Consultation process

Based on literature reviews and data provider resources, the PRI reviewed over 450 reports, data sets, data methodologies, index methodologies, country regulations, international organisations' resolutions and other relevant documents to define basic conditions to identify and assess impact investing companies and organisations.
Thematic investments were then organised based on:

- Methodology context
- Data universe and conditions
- Limitations and assumptions to collect and assess thematic investment data
- Basic definition of a thematic investment
- Criteria to identify companies and organisations that are aligned with a basic thematic investment definition
- Financial criteria to identify companies and organisations that comply with the criteria
- Options to collect data based on the criteria

The PRI used this information to design a practical tool (covered in this document) to identify impact investing companies based on thematic investments. The Market Map and methodology were shared with key stakeholders and project partners for review.

A global consultation process with over 170 participants was then launched; some 200 comments and insight from institutional investors, academics, international organisations and consultants were collected. The PRI included relevant information in the final document of the Market Map. However, it is important to note that this tool should be continually tested and improved to support current and future work in this field.

PRE-CONDITIONS

The PRI developed a methodology using pre-condition criteria to harmonise the collection of financial data and requirements for thematic conditions, and to measure impact. This included:

- **Collecting listed equity data:** data on thematic investments is identified in indexes and ranks created by third parties (i.e. MSCI, Bloomberg, FTSE) ideally.
- **Data on unlisted companies:** for themes where indexes are unavailable, analyse a company's exposure to a specific theme that is equivalent or similar to the exposure level applied by the thematic indexes or industry benchmark.
- **Tailor-made criteria for specific thematic investments:** different thematic investments have different requirements and conditions to be identified and measured. The PRI will design criteria conditions to identify and collect data across target thematic investments.
- **Inclusion of companies that provide/generate direct environmental and social products and services (company outputs)[30]:** products and services (company outputs) are the main source of company revenues; as such, the output of a company's product reflects what a thematic investment is.

29 For more information, see list of PRI stakeholders.

30 Some sustainable indexes designed by MSCI and Bloomberg adopt this methodologic approach.

- **Exclusion of ESG policies, process and indicators (operational inputs)[31]:** the PRI recognises that ESG policies, strategies and practices are relevant to assess non-financial performance and organisational risks. Nevertheless, ESG policies and strategies (inputs) are not necessarily related to the final products, services, technologies, infrastructure and projects of impact investing organisations (outputs).
- **Exclusion of supply inputs (in some cases)[32]:** a company's relationships with or purchases from suppliers and all the activities required to receive, store and disseminate inputs (i.e. goods and services purchased by a company used to produce and deliver an explicit thematic product) cannot be included or considered as company outputs; rather as a supportive condition to deliver specific or non-specific products and services (outputs).
- **Primary impact (target goal of an investment)[33]:** thematic investments, such as SME finance, may generate different primary and secondary impacts. For instance, SME finance may provide micro-loans to a small company (primary impact) that could be used to purchase solar panels (secondary impacts). This project focuses on companies and organisations that generate primary impacts.
- **Direct impact (direct beneficiaries):** different companies and organisations may track the direct, indirect and cumulative impacts of their investments. In this project, we track the direct impact of thematic investments only. The World Bank[34] defines direct impacts as investments that have a direct and clear cause-effect relationship with an output (a company's products and services)[35].

31 Michael Porter's value-chain approach/methodology. For more information, see: http://bit.ly/Porter_Value_Chain

32 Michael Porter's value-chain approach/methodology. For more information, see: http://bit.ly/Porter_Value_Chain

33 Methodologic approach used by the GIIN.

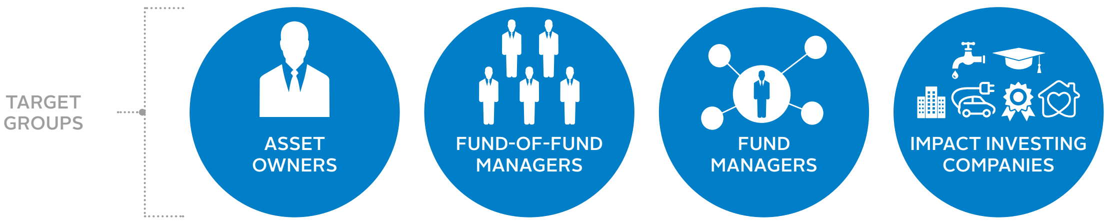
34 World Bank (2011) Types of Environmental Impact. World Bank. Available at: http://bit.ly/World_Bank_Types_of_Impact [Accessed: 2016].

35 Both primary and direct impacts are similar, but the former focuses on the investment goal and the second on the beneficiary type.

APPENDIX 3: COMMON QUESTIONS TO USE

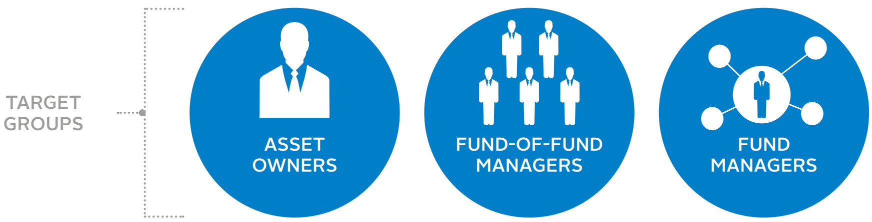
The questions below are designed to help investors and fund managers apply the concepts and criteria of targeted thematic investments. The use of this questionnaire is voluntary and should be used to facilitate organisations' internal procedures and practices.

TOPIC: UNDERSTANDING EACH OTHER



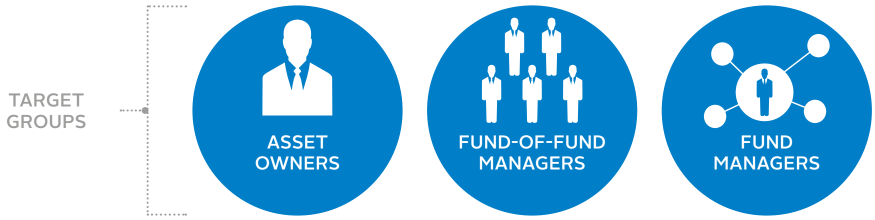
- How does your organisation define impact investing?
- How does your organisation define and/or differentiate impact investing from ESG investing and SRI investments?
- Do you invest in specific thematic investments? If so, what is the definition of thematic investment adopted by your organisation?
- Are these thematic investments aligned with definitions provided by international organisations and global initiatives?
- Do you use or have conventional or tailor-made definitions of thematic investments?

TOPIC: LOOKING AT ASSET/FUND MANAGERS' IMPACT INVESTING FUNDS



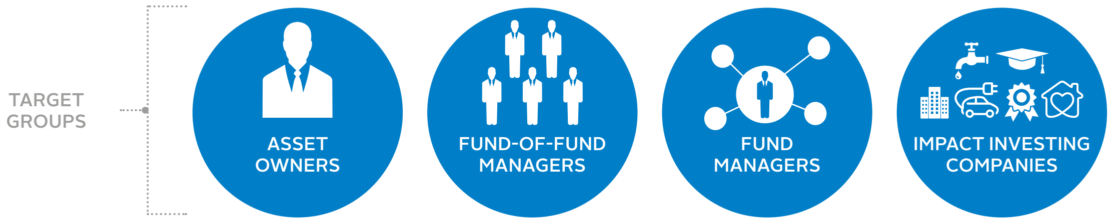
- Do you manage impact investing funds?
- Do you only include companies under the definition of impact investing you defined in these funds? Or do you also include companies that are in the ESG and SRI fields?
- What is the percentage of impact investing companies in your funds?
- Is it possible to break down the companies and projects of your impact investing funds into thematic investments?
- Do you use specific thematic investment concepts and definitions to identify and include companies in your impact investing funds?
- What is the criteria used to identify and select companies and projects based on thematic investments in your impact investing funds?
- Is it possible to provide information on the percentage of companies' revenue generated by specific thematic impact products, services and technologies (i.e. affordable housing, inclusive finance)?
- Are you a member of a local, regional or international network or association of impact investments?

TOPIC: MONITORING AND EVALUATION



- What indicators do you use to monitor companies' performance beyond financial returns?
- Do you divide or aggregate indicators based on thematic areas?
- Do you have tailor-made or specific KPIs and indicators for thematic investments?
- Do you use or adopt indicators based on companies' ESG level (input level) and/or companies' products, services and technologies (output level), and/or outcomes (i.e. beneficiaries of companies' products, services and technologies)?
- Is it possible to break down the indicators to monitor the non-financial data of your impact investing funds based on ESG level, output and outcomes?
- For how many companies and projects do you monitor and track non-financial performance data?
- Do you have a team or third party to collect companies' non-financial data?
- Do you have internal processes to identify, collect and monitor funds' non-financial performance data? If so, are these processes at the ESG, output or outcome level?
- How do you collect and assess non-financial indicators? Is it based on passive (i.e. companies' annual reports) or active (i.e. social and environmental due diligence, monitoring and evaluation tools) data?

TOPIC: REPORTING AND COMMUNICATION

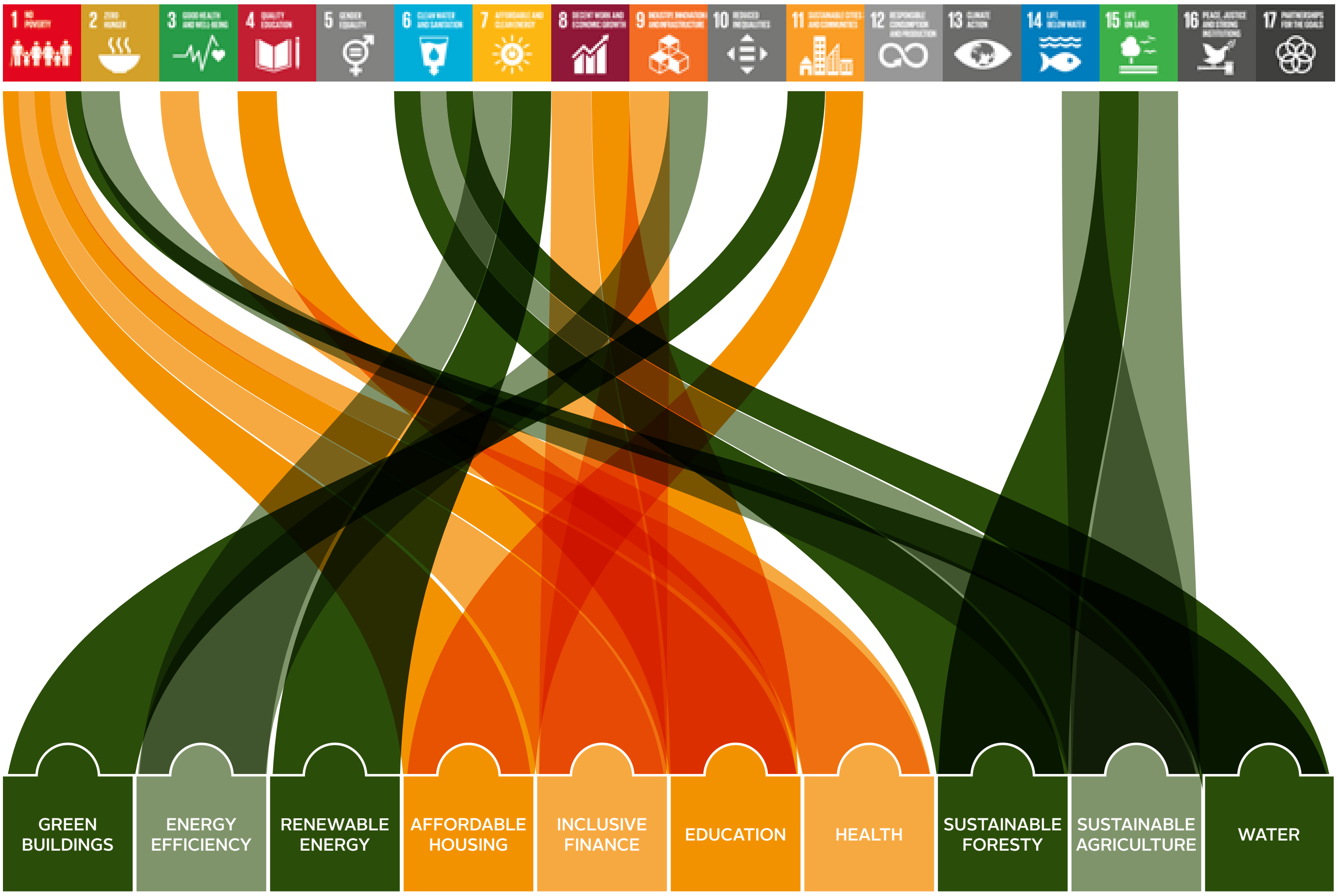


- When reporting an impact investing fund's non-financial performance, do you differentiate ESG, output and outcome indicators?
- (If applicable) do you inform your clients and investors about the different types of impacts created by companies and projects at the ESG, output and outcome levels?
- Do you report on your impact investing funds using market benchmarks or initiatives that aim to harmonise or standardise non-performance indicator data?
- Does your organisation inform the methodology and approach used to collect, assess and report on environmental and social impact data?
- Do you use a third-party auditing/certification to assure the non-financial data provided in your fund and/or your impact investing fund?

FINAL CONSIDERATIONS

There are no right or wrong answers to any of the questions above. They are designed to help investors differentiate the nature and approach of impact investing funds and how asset and fund managers construct these funds. Regardless of the nature of a fund (i.e. SRI, ESG or impact investing), each one will have a range of impacts. Indeed, it is useful to clarify to investors and clients the type of indicators used to assess company and project impacts. It is advisable to report on the conditions and criteria used to identify, collect, monitor and report the non-financial performance indicators of impact investing funds. This information may be relevant to institutional investors and other investors interested in aligning and streamlining the impact investments in their portfolios. All the information provided in this section is aligned with the disclaimer note provided in this document.

APPENDIX 4: SDG MATRIX AND THEMES



1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment

2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality

3.1 By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births

3.2 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births

3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases

3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being

3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol

3.7 By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes

3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

3.b Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all

3.c Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States

4 QUALITY EDUCATION

4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes

4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education

4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations

4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy

4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all

6 CLEAN WATER AND SANITATION

6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all

6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations

6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate

6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes

7 AFFORDABLE AND CLEAN ENERGY

7.1: By 2030, ensure universal access to affordable, reliable and modern energy services

7.2: By 2030, increase substantially the share of renewable energy in the global energy mix

7.3 By 2030, double the global rate of improvement in energy efficiency

7a: By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology

7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support

8 DECENT WORK AND ECONOMIC GROWTH

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

11 SUSTAINABLE CITI AND COMMUNITIES

11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

14 LIFE BELOW WATER

14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution

15 LIFE ON LAND

15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world

15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems

APPENDIX 5: KPIS

ENERGY EFFICIENCY

Common KPIs		
IRIS ID	Name	Definition
PI8330	Client individuals: Female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: Poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: Low Income	Number of unique low income individuals who were clients of the organisation during the reporting period.
PD5578	Energy consumption of product replaced	Amount of energy that would have been used by the replaced product during the lifetime of the organisation's product.
PI7623	Energy savings from products sold	Amount of energy savings over the lifetime of the product for those products that were sold by the organisation during the reporting period.
PD4927	Energy savings from services sold	Amount of energy savings due to the organisation's services that were sold during the reporting period.
PD2243	Greenhouse gas emissions of product replaced	Amount of greenhouse gases (GHG) that would have been emitted by the replaced product during the lifetime of the organisation's product.
PI5376	Greenhouse gas reductions due to products sold	Amount of reductions in greenhouse gas (GHG) emissions over the lifetime of products sold during the reporting period.

GREEN BUILDINGS

Common KPIs		
IRIS ID	Name	Definition
PI8330	Client individuals: Female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: Poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: Low Income	Number of unique low income individuals who were clients of the organisation during the reporting period.
PI2491	Number of housing units constructed	Number of housing units constructed by the organisation during the reporting period.
PI6058	Number of housing units improved	Number of housing units improved or refurbished by the organisation during the reporting period.
PI1586	Building area of energy efficiency improvements	Area of buildings projected to receive energy efficiency improvements as a result of investments made by the organization during the reporting period.
PI9170	Area of buildings reused	Area of buildings projected to be renovated/remodelled that qualify for building reuse as a result of investments made by the organisation during the reporting period.

RENEWABLE ENERGY

Common KPIs		
ID	Name	Definition
PI8330	Client individuals: Female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: Poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: Low Income	Number of unique low income individuals who were clients of the organisation during the reporting period.
PI5842	Energy generated for Sale: Renewable	Amount of renewable energy generated and sold to off-taker(s) during the reporting period.

SUSTAINABLE AGRICULTURE

Common KPIs		
ID	Name	Definition
PI8330	Client individuals: Female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: Poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: Low Income	Number of unique low income individuals who were clients of the organisation during the reporting period.
PD1620	Crop type	Type of crop(s) produced by the organisation during the reporting period
PD4686	Livestock/fish type	Type of livestock product(s) produced by the organisation during the reporting period.
OI5408	Land directly controlled: Total	Area of land directly controlled by the organisation during the reporting period.
OI6912	Land directly controlled: sustainably managed	Area of land directly controlled by the organisation and under sustainable cultivation or sustainable stewardship. Report directly controlled land area sustainably managed during the reporting period.

SUSTAINABLE FORESTRY

Common KPIs		
IRIS ID	Name	Definition
PI8330	Client individuals: Female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: Poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: Low Income	Number of unique low income individuals who were clients of the organisation during the reporting period.
OI6912	Land directly controlled: Sustainably managed	Area of land directly controlled by the organisation and under sustainable cultivation or sustainable stewardship. Report directly controlled land area sustainably managed during the reporting period.
OI2622	Forest management plan	Indicates whether the organisation implements a forest management plan.
PD4927	Energy savings from services sold	Amount of energy savings due to the organisation's services that were sold during the reporting period.
PI3848	Area of trees planted: Native species	Area of land on which native species of trees were planted by the organisation during the reporting period.
PI4907	Area of land reforested	Area of land that has been reforested by the organisation during the reporting period.

WATER

Common KPIs		
IRIS ID	Name	Definition
PI8330	Client individuals: Female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: Poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: Low Income	Number of unique low income individuals who were clients of the organisation during the reporting period.
OI6912	Land directly controlled: Sustainably managed	Area of land directly controlled by the organisation and under sustainable cultivation or sustainable stewardship. Report directly controlled land area sustainably managed during the reporting period.
PD5786	Water savings from products sold	Volume of water savings over the lifetime of the organisation's products for products that were sold during the reporting period.
PI2884	Water savings from services sold	Volume of water savings during the reporting period due to the organisation's services sold.
PI9468	Water provided for sale: Total	Volume of water provided and delivered to off-taker(s) during the reporting period.
PI8043	Water provided for sale: Potable	Volume of potable water provided and delivered to off-taker(s) during the reporting period.

AFFORDABLE HOUSING

Common KPIs		
IRIS ID	Name	Definition
PI8330	Client individuals: Female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: Poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: Low Income	Number of unique low income individuals who were clients of the organisation during the reporting period.
PD5833	Percent affordable housing	Percentage of housing units projected to be constructed or preserved as a result of expenditures made by the organisation during the reporting period that will be considered to be affordable housing.
PI2640	Individuals housed	Number of individuals projected to be housed in single-family or multi-family dwellings as a result of new construction, loans, repairs, or remodelling resulting from investments made by the organisation during the reporting period.
PI2491	Number of housing units constructed	Number of housing units constructed by the organisation during the reporting period.
PI6058	Number of housing units improved	Number of housing units improved or refurbished by the organisation during the reporting period.

EDUCATION

Common KPIs		
IRIS ID	Name	Definition
PI2389	School enrolment: Total	Number of students enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses.
PI1081	School enrolment: Female	Number of female students enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses.
PI7254	School enrolment: Poor	Number of poor students enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses.
PI5583	School enrolment: Very poor	Number of very poor students enrolled as of the end of the reporting period, both full time and part-time, where each discrete student is counted regardless of number of courses.
PI2173	School enrolment: Low income	Number of low income students enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses.

Common KPIs		
IRIS ID	Name	Definition
PI5954	School enrolment: Disabilities	Number of students with disabilities enrolled as of the end of the reporting period, both full-time and part time, where each discrete student is counted regardless of number of courses.
PI2389	School enrolment: Total	Number of students enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses.
PI1081	School enrolment: Female	Number of female students enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses.
PI7254	School enrolment: Poor	Number of poor students enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses.
PI5583	School enrolment: Very poor	Number of very poor students enrolled as of the end of the reporting period, both full time and part-time, where each discrete student is counted regardless of number of courses.
PI2173	School enrolment: Low income	Number of low income students enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses.
PI5954	School enrolment: Disabilities	Number of students with disabilities enrolled as of the end of the reporting period, both full-time and part time, where each discrete student is counted regardless of number of courses.

HEALTH

Common KPIs		
IRIS ID	Name	Definition
PI8330	Client individuals: Female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: Poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: Low income	Number of unique low income individuals who were clients of the organisation during the reporting period.
OI5323	Caregivers employed: Total	Number of caregivers with current licenses, certifications, or trainings based on local requirements, employed by the organisation as of the end of the reporting period.
PI3902	Health intervention Completion Rate	Percentage of the organisation's clients, or patients, who successfully completed the course of a health intervention during the reporting period.

INCLUSIVE FINANCE

Common KPIs		
IRIS ID	Name	Definition
PI8330	Client individuals: Female	Number of unique women who were clients of the organisation during the reporting period.
PI3193	Client individuals: Poor	Number of unique poor individuals who were clients of the organisation during the reporting period.
PI7098	Client individuals: Low income	Number of unique low income individuals who were clients of the organisation during the reporting period.
PI4940	Client organisations: SME	Number of small-to-medium enterprises (SMEs) that were clients of the organisation during the reporting period.
PD7932	Environmental policies for financial services clients	Indicates whether the organisation implements environmental policies associated with the organisation's financing practices.
PI5691	Jobs maintained at directly supported/financed enterprises: Total	Number of full-time equivalent employees working for enterprises financed or supported by the organisation at the beginning of the reporting period who remain at the organisation as of the end of the reporting period.
PI3687	Jobs created at directly supported/financed enterprises: Total	Net number of new full-time equivalent employees working for enterprises financed or supported by the organisation between the beginning and end of the reporting period.

APPENDIX 6: TOPICS NOT INCLUDED IN THE MARKET MAP (BASED ON THE CONSULTATION PROCESS)

During the Market Map consultation process (involving over 180 participants), the PRI collected over 200 comments and inputs to improve this version of the document. While most were included, some were not due to their complexity or lack of agreement among the participants.

For transparency and accountability purposes, the PRI has listed the main comments and suggestions to be considered in future versions. They may also support future PRI activities and initiatives related to impact investing and the SDGs. The information is organised based on general topics and specific themes. The topics are listed based on the percentage of feedback (positive or negative) received by the participants.

General topics

- About 60% understand that the Market Map should divide the thematic investments based on developed and emerging economies.
- Around half of the participants would like to include additional financial ratios such as CAPEX and OPEX.
- Over 40% would like to see additional themes in future versions, such as:

  a) Sustainable transportation
  b) Water conservation
  c) Organic agriculture
  d) Recycling
  e) Waste management

- About 70% would like to align the Market Map methodology with major databanks and impact measurement tools (i.e. IRIS, GIR, SASB).
- About 50% would like to align the Market Map KPIs with the SDGs.
- Less than 5% would like to align the Market Map methodology with the concepts of additionality and theory of change.
- Less than 5% of the participants would like to expand the methodology to social enterprises.
- Less than 10% of the participants asked to include blended finance as a component of the methodology.
- About 20% understand that ESG factors are directly connected to impact investments.
- According to 10%, the Market Map should only focus on pure-play impact investing companies.

Energy efficiency

- Over 10% of the participants of the energy efficiency working group would like to align the methodology of the Market Map with impact investing products and investment vehicles.
- For 15%, the Market Map should focus on investment products only.

Renewable energy

- Less than 10% of the participants in this thematic investment would like to include nuclear energy as a sustainable energy source (or eternal energy source).
- Less than 5% would like to include large hydro energy plants in the renewable energy theme.
- About 10% would like to include examples of investment vehicles (i.e. green bonds) or companies in the renewable energy theme.
- About 5% would like to see the Market Map focus on the additionality and scalability of the companies instead of thematic and financial conditions.

Sustainable agriculture and sustainable forestry

- For less than 5% of the participants of the sustainable agriculture theme, the Market Map should include a clear methodologic differentiation between organic sustainable farming and other types of sustainable agriculture.
- For 10%, the Market Map should focus on small-scale and family farming practices.
- Around 5% would like to have a list of and/or rank certifications based on their fields and areas of impact (i.e. organic certification, fair trade).

Water and sanitation

- A fifth of the participants of the water and sanitation group would like to include additional water themes, including:

  a) Water conservation
  b) Water technology
  c) Water consumption/products for industrial facilities

- Almost all participants agree that water theme should focus on companies' business models exclusively.
- Almost 80% agree that the Market Map methodology should include additional financial ratios.
- About 25% would like to divide the Market Map methodology between OECD countries and emerging economies..

Affordable housing

- About a half of the participants would like to include mortgage companies in the affordable housing theme.
- Almost all the participants would like to refine the affordable housing methodology to focus on designing specific financial conditions for companies operating in emerging economies and developed economies.
- Less than 10% would like to include technology companies in the affordable housing theme.
- About 15% would like to include companies and service providers that help to reduce the cost of affordable housing construction.

Education

- About 25% of the participants of the education theme do not agree with the methodology, suggesting that the PRI should be more flexible with companies operating in this field.
- Over 20% would like to see educational finance in the next version of the Market Map.
- About 30% do not want to include educational finance.
- Around 10% would like to include educational finance in the inclusive finance theme.

Health

- Forty percent of the participants of the health consultation process believe the PRI should include insurance companies in the next version of the Market Map.
- About 25% would like to make the health theme more inclusive and include other types of health businesses such as:

  a) Hygiene products
  b) Health infrastructure projects
  c) Insurance products
  d) Health appliances (i.e. scanners, lab products)

- About 40% agree that PRI should organise the Market Map methodology by OECD countries and developing economies.
- Around 10% understand that financial ratios are not ideal and that the PRI should focus on specialised companies operating in this field.

Inclusive finance

- For 30% of the participants, the PRI should focus on the additionality and scalability of the inclusive finance products instead of thematic and financial conditions.
- Half of the participants believe the PRI should remove mandatory or highly recommended thematic conditions (i.e. certifications, initiatives) and focus on the nature and additionality of inclusive finance products and vehicles.
- Less than 5% would like to see examples of companies and funds operating in the inclusive finance businesses.

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The Principles for Responsible Investment (PRI)

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

More information: www.unpri.org

PRI | Principles for Responsible Investment

The PRI is an investor initiative in partnership with **UNEP Finance Initiative** and the **UN Global Compact**.

United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is a unique partnership between the United Nations Environment Programme (UNEP) and the global financial sector. UNEP FI works closely with over 200 financial institutions that are signatories to the UNEP FI Statement on Sustainable Development, and a range of partner organisations, to develop and promote linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

More information: www.unepfi.org

UNEP FINANCE INITIATIVE

United Nations Global Compact

The United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with more than 8,800 companies and 4,000 non-business signatories based in over 160 countries, and more than 80 Local Networks.

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United Nations Global Compact