Dear readers,

We are excited to share with you our inaugural Global Impact Annual Report.

Reflecting an unprecedented period in history, the report captures not only the reality of the immense challenges we face amid the ongoing global pandemic, but also the resilient responses that so many impact enterprises offer as solutions.
Over the course of the past year, many healthcare companies have stepped up, producing ventilators, e-health solutions, COVID-19 treatments and eventually miracle vaccines. But our food supply chains, education providers and payments systems have proved equally resilient as they accelerated their switch to online and digital solutions.

2020 marked the year when commitments to fight the climate crisis significantly accelerated. It is now evident that impact companies can be a powerful part of the solutions we need, and our investment approach is a reflection of this.

Last year we also witnessed heightened concerns around social injustice, particularly for minority groups around the world. The fundamental social issues that the companies in which we invest seek to address, highlighted by the United Nations Sustainable Development Goals and Targets, are inextricably linked to social, gender and racial inequalities. We believe that investing in companies that provide access to basic needs and tools for social and economic empowerment is linked to combating racism, sexism and oppression.

The facts show that among households that are homeless or lack adequate shelter, most are headed by women who have children. Among those who lack access to the internet, most are women. Among those who are functionally illiterate, most are women and girls.
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In addition, most who are left out of these opportunities are minorities. Without basic rights and necessities, the underserved, women and other minorities are more vulnerable to racism, sexism and social exclusion.

The Fundamental Equity Impact Team invests in innovative business models that help empower individuals to rise out of such conditions, with the aim of effecting change. Looking forward, we continue to pursue investment opportunities that support the protection of human and civil rights, help put the pandemic behind us while repairing its damage and work to reverse climate change and its harm to people and the planet.

Sincerely,

The Fundamental Equity Impact Team
Our reflections

When you think about impact investing, what comes to mind? A particular impact theme? A better future? Perhaps an observation about your own path in life?

We asked members of the Global Impact team, and their responses can be found throughout the report.
If your savings can earn a strong return—an alpha return—invested in companies that are doing good for the world, why would you invest any other way?”

Eric Rice
Portfolio Manager & Head of Active Equities Impact Investing

"Impact investing supports disruptive innovation that empowers humanity and sparks commerce.”

Quyen Tran
Director of Impact Investing & Head of FE Sustainable Investment Research

Equality and decarbonization are two of the great challenges society faces; finding solutions for these drives me as an impact investor.”

Ruth Brooker
Investment Team

"Impact is investing for a world you want to live in; the time to take action is now.”

Tassie Brakenridge
Product Strategy Team

"Being poor is expensive.”

Will McSweeney
Investment Team
Impact investing means we embrace the belief that commerce doesn’t have to be a zero-sum game. There can be mutual benefit: Customers can and should realize positive impacts far beyond the prices they pay, allowing sellers to earn responsible profits. This is the virtuous and self-sustaining cycle that powers us toward solving the world’s greatest problems.”

Danny Concessi
Investment Team
Our advisors

The External Board of Advisors provides strategic guidance in our efforts to develop the leading innovative and high-impact strategy for investing in public markets.
The Board seeks to ensure we implement, in the most transparent way possible, a highly effective approach to creating positive social, environmental and economic outcomes.

Maya Chorengel

Maya Chorengel is Co-Managing Partner at The Rise Fund, where she leads fintech investing and is a key architect of the fund’s impact assessment methodology. Founded by TPG in partnership with Bono and Jeff Skoll, Rise has over US$5 billion in assets under management and is the largest private impact investing platform globally. Maya has over two decades of private equity, venture capital and impact investing experience. Prior to joining TPG, Maya was a co-founder of Elevar Equity and a Managing Director of the Dignity Fund.

She began her investing career at Warburg Pincus in New York, Hong Kong and Menlo Park. Maya serves as a Director of Benevity, EverFi, Varo, Nithio, Kiva and SEO (Seizing Every Opportunity). She also serves on the Advisory Boards of CASE i3 at Duke University, the Harvard Business School Social Enterprise Initiative and co-authored a Harvard Business Review article entitled “Calculating the Value of Impact Investing.” Maya earned an A.B. in Social Studies from Harvard College and an M.B.A. from Harvard Business School.
Sir Ronald Cohen is recognized as the father of impact investment and European venture capital. He is a pioneering philanthropist, venture capitalist, private equity investor and social innovator who is driving forward the global Impact Revolution. He serves as Chairman of the Global Steering Group for Impact Investment, the Impact-Weighted Accounts Initiative at Harvard Business School, and The Portland Trust. He is a co-founder and former Executive Chairman of Apax Partners Worldwide, a global private equity firm. He is also a co-founder of Social Finance UK, USA, and Israel, co-founder Chair of Bridges Fund Management and former co-founding Chair of Big Society Capital. Oxford- and Harvard-educated, Ronnie was born in Egypt and left as a refugee at the age of 11, when his family came to the UK and is now based in Tel Aviv, London and New York. He is the author of IMPACT: Reshaping Capitalism to Drive Real Change, which was published in 2020 by Penguin Random House.
Shawn Cole

Shawn Cole is a professor at Harvard Business School, where he teaches and conducts research on impact investing, finance and social enterprise. His academic work is published in leading finance and economic journals, and his case studies are taught at business schools worldwide. He is a co-founder and board chair of a non-profit, Precision Agriculture for Development, which delivers advisory services to over 3.5 million farmers, is on the board of the Jameel Poverty Action Lab, and is an affiliate of the National Bureau of Economic Research. Shawn has served on the Boston Federal Reserve’s Community Development Research Advisory Council, served as an external advisor to the Gates Foundation and was the chair of the endowment management committee of the Telluride Association, a non-profit educational organization. He has worked in China, India, Indonesia, South Africa and Vietnam.
Our impact highlights
In 2020, the companies in which the Global Impact team invested...

Delivered education and career training to 142 million students and job seekers.

Provided affordable housing for over 600,000 families.

1 Global Impact team based on analysis of company data and reports.
Empowered 114 million unbanked and underbanked individuals through access to financial services

Provided affordable healthcare to 1.8 billion patients

Broadcast over 5 billion notifications and interactions to reduce the harm of disasters and other critical events on human life and business operations
Generated over 102,000 GWh of renewable energy

The green energy companies avoided 263 million ton of GHG emissions, equivalent to removing the annual emissions of 56 million passenger cars.

Provided access to clean drinking water to 99 million individuals.

Prevented 11 million metric tons of food waste from being sent to landfills.
Our engagement strategy
ESG & impact engagement strategy

ESG engagement overview

We incorporate material Environmental, Social and Governance (ESG) analytics at multiple stages of the investment process. Our Impact Team’s long-term ownership mindset allows our analysts to build valuable relationships with companies, engaging constructively over time. The purpose of our ESG engagement is to discuss concerns and share constructive feedback, based on the view that material ESG issues are inextricably tied to a business’ extended strategy and fundamental value. The Team collaborates closely in our ESG engagements with the BlackRock Investment Stewardship (BIS) team, benefiting from its localized and deep stewardship capabilities. BIS serves as a regionalized expert in corporate engagement and voting. It offers clearly defined engagement principles pertaining to ESG best practices, which have been identified as integral to creating long-term company value. Our engagements result in specific outcomes, varying from positive ones that reinforce our investment conviction in the company to a need to continue monitoring progress to reassessing our favorable outlook on a company and possibly exiting. These outcomes inform our portfolio management decisions. The following are two examples of our team’s ESG engagements.

The team also partners with the Blackrock Investment Stewardship (BIS) Team on ESG engagements. As of March 2021, BIS had 58 professionals across six countries who undertook 3,500 company engagements across 55 markets during the past year. We benefit from their localized and deep stewardship capabilities, which facilitate fruitful company engagements through the partnership.

Learn more >
**Example 1**

**Company**
Pharmaceutical company that develops, manufactures and markets generic and branded pharmaceutical products

**ESG Issue: Governance**
The company recruited respected new management to address severe ongoing controversies: pending opioid-related litigation and a U.S. Justice Department lawsuit for price-fixing, bribery and corruption. The change gave the Impact Team confidence to initiate a position in anticipation of improved culture and governance.

**Analysis and Engagement**
BlackRock met regularly with the new CEO to discuss plans to address the ESG controversies issues, poor corporate culture and employee turnover. We also met with a litigation expert to fully understand the severity of the Justice Department’s accusations. The Impact Team continued to see significant ESG risk, including the outstanding lawsuit.

**Outcome**
Our concerns persisted as additional, new controversies came to light. Ultimately, we chose to exit our position on the grounds of these material ESG risks.

**Example 2**

**Company**
Diversified energy and utility company that provides clean energy

**ESG Issue: Environmental**
The company has a project which, once commenced, would include running equipment through a wooded area. Environmental groups and the Impact Team became concerned about the potential environmental risks of the project.

**Analysis and Engagement**
The Team engaged with the company to discuss the environmental risks. We heard more about how the company was going to manage the risks on the new project. We also benefited from substantial news coverage of the proposed project, which helped us to assess different stakeholder perspectives of the risks. We concluded that the company is aware of the risks and has plans in place to adhere to strict environmental standards, which we will continue to monitor, and is working closely with local stakeholders.

**Outcome**
The Team continued to invest in the company while continuing to monitor the project closely as it progresses, along with its relevant risk management. We also recognized the positive inherent environmental impact of the project, which will provide green energy and improve energy efficiency and reliability.

Disclosure: Company example exhibited for illustrative purposes only.
We have launched a new strategy we call “Impact Engagement 2.0” in which we engage with our investees to create new ways that their products and services can drive impact.

This type of engagement complements ESG engagement, which focuses on the “how” of a company — its operational practices, rather than the “what” of a company — its products and services. Impact Engagement 2.0 is one part of our investor contribution strategy designed to create impact through public equities.
Impact Engagement 2.0 outlook

We think our Impact 2.0 engagements conducted in both these examples will lead to the expansion of each company’s impact. As we look at the year ahead, we are keen to see progress in their collaborations and we are developing new engagement strategies that encourage the additional impact we seek to create. We look forward to sharing success stories in future publications.

Example 2

We initiated engagement with a company for it to help smallholder farmers in Latin America.

<table>
<thead>
<tr>
<th>Companies</th>
<th>Leading animal genetics company that provides farmers with improved artificial insemination, thereby ensuring more-productive livestock and higher yields of milk and protein to meet the world’s food needs.</th>
<th>Foundation of one of the largest Latin American banks.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barrier to impact</td>
<td>Due to infrastructure constraints preventing the company from reaching farmers, it has not been able to help smallholder farmers in Latin America.</td>
<td>Interested in opportunities to help Colombian milk cooperatives and the smallholder farming sector.</td>
</tr>
<tr>
<td>Impact 2.0 Engagement</td>
<td>Impact Team arranges Impact 2.0 Engagement and introduces the institutions.</td>
<td></td>
</tr>
<tr>
<td>Continued engagement &amp; collaboration</td>
<td>We are in the process of helping the institutions identify strategic opportunities for collaboration that can increase their respective impacts. We believe together they will be able to improve smallholder farmers’ success in Latin America.</td>
<td></td>
</tr>
</tbody>
</table>

Disclosure: Company example exhibited for illustrative purposes only.
Advancing the SDGs and Targets through impact
SDG+ is assigned to companies the Impact Team believe are addressing world problems that have become pertinent since the adoption of the UN Sustainable Development Goals, such as cybersecurity.

* SDG 17 is not applicable for portfolio inclusion but we actively help to advance this goal through by our partnerships and engagement with impact industry practitioners, academia and companies.

Source: BlackRock, as of Dec. 31, 2020. Allocation ranges are subject to change. For illustrative purposes only.
Our approach
BlackRock’s approach to impact investing and measurement
Our approach to impact investing in public equities

We believe an impact investing strategy in public equities should be built on the foundational concept of “additionality.”

Additionality in this context means that, but for this contribution, that outcome would not have occurred, so impact is created. It’s key to the impact approach.

The companies in which we invest create additionality through the impactful products and services at the core of their business. It’s critical that our strategy also provides additionality through our investors’ contribution to impact, which we believe must be part of any public equity investment strategy with an impact label. Reinforcing these two pillars of additionality, from the investee and investor, we also see a third pillar of additionality coming into play at the asset-class level.

Our impact strategy in public equities is based on three related pillars of additionality. Through this foundational framework, impact investors can holistically support an impact enterprise’s enduring success.

Additionality through:
- the investee (the company)
- business model
- the investor’s contribution
- the asset class
Additionality from the investee

For a company to provide additionality based on our standard, a majority of its products and services must address a need that is unlikely to be fulfilled by others (such as competitors or governments), thereby creating a genuine impact that addresses that need. The primary sources of company additionality are the application of leading technologies, deployment of innovative business models and the delivery of a company’s products and services to underserved populations, including the sick, the poor and the vulnerable.

Additionality from the investor

We incorporate a set of five mechanisms in the public equities market to create impact. Our investor contribution to positive outcomes is achieved through the execution of this collection of activities, which we have created and follow as a set of best practices in this arena. With these mechanisms in our strategy toolkit, we deploy multiple combinations to help drive impact.

1 Invest with a long-term, ownership mindset
2 Engage with companies to help enhance their impact outcomes
3 Invest capital when an impact company needs to raise more capital
4 Create a better marketplace for impact companies seeking a responsible exit from private equity
5 Bring much-needed visibility to undervalued impact companies

Invest with a long-term, ownership mindset
Our long-term, ownership mindset is essential to supporting companies through varied market environments and to developing constructive engagements with company management.

Engage with companies to help enhance their impact outcomes
We engage to help our invested companies enhance impact outcomes through their disruptive products and services. Notably, while we also engage on environmental, social and governance (ESG) issues, which are about how a company operates, our impact-focused engagements are specifically concerned with enhancing impact through what the company actually produces — its core goods and services. By engaging with the company on enhancing its impact, we seek to create positive outcomes for its fundamental business, as well as positive outcomes from delivering its products and services to benefit more people or the environment.

Invest capital when an impact company needs to raise more capital
In addition to our long-term horizon and impact engagement strategy, we recognize that a company’s need for capital continues throughout its business life cycle. A company can seek to raise more capital over time by issuing additional shares of public equity and bonds. As part of regularly engaging with companies, we have learned that their need for additional capital can easily come during challenging times for the company. As impact investors, we believe our willingness to participate in the exercise of raising capital aligns with the dual objective of achieving long-term impact and financial success. Moreover, as capital-raisings transactions often take place in private institutional deals that are not available to individual investors, our participation reflects our contribution as an institutional impact investor.
Create a better marketplace for impact companies seeking a responsible exit from private equity

In an environment in which the average holding period for stocks has declined to less than one year\(^1\) and the practice of “flipping” initial public offerings (IPOs) poses risks to the valuation and stability of a newly public company, we strive to create a better marketplace for impact companies seeking a responsible exit from private equity. Not only do we provide patient capital, we also seek to be anchor investors in impact companies’ IPOs, buying shares with a long-term partnership mindset. Our intentions and activities send a positive signal to private impact companies seeking to go public as the next phase of their growth and business life cycle.

Bring much-needed visibility to undervalued impact companies

Last, we bring much-needed visibility to impact companies through our targeted investments, constructive advocacy and impact reporting. Impact enterprises are often overlooked and misunderstood by mainstream investors.

Additionality from the asset class

While the private markets historically have been the dominant asset category for impact investing globally, we believe impact investing in public markets offers scaled solutions in a space with strong demand for urgent solutions but inadequate supply. The world faces a multi-trillion-dollar shortfall annually in the quest to meet the Sustainable Development Goals (SDGs) by 2030.\(^2\) Existing contributions from companies, governments and other organizations are not nearly sufficient to meet these needs, especially as such needs have escalated in the wake of the COVID-19 pandemic.

Given the magnitude of needs and the extraordinary potential for the array of solutions offered by impact companies, we must find ways to scale impact investing with integrity, in public, as well as private, markets. And by introducing impact investing through public equities, in tandem with private markets, financial markets finally can democratize access to impact investing, enabling a broad new cohort of investors to participate and provide direly needed capital.

There is much work — and exciting innovation — to be achieved in order to advance the impact investing industry. We support impact investing as a holistic, interconnected ecosystem encompassing different asset categories, intermediaries, the full range of asset owners and end beneficiaries.

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1 Source: BlackRock, NYSE and Refinitiv as of July 31, 2020. Average holding period as indicated by all NYSE stocks. Holding periods measured by value of stocks divided by turnover.

2 “World Investment Report,” United Nations Conference on Trade and Development, 2014. Limitations that may impact the metric provided include the fact that the most recent figure available is from 2014 and therefore may have changed over time.
Our approach to impact measurement and management

We anchor our Impact Measurement and Management (IMM) approach to a set of three principles, which we conceived of to signify our set of best practices.

First, we seek to ensure that our IMM process is transparent, repeatable and auditable. We see many benefits to this approach, including having a mechanism to hold ourselves accountable, a feedback loop to our impact thesis and theory of change and a path for improving our practice over time.

Second, we integrate impact analysis throughout the investment process, including the identification of preliminary impact indicators before investing.

Third, our aim is to adopt industry-leading frameworks as much as possible, using what is relevant to, and consistent with, our investment process. This approach increases the comparability of impact measures across investments over time and helps avoid the proliferation of disparate methodologies in the industry.

Among the many measurement methodologies available in the industry, we have specifically chosen four to integrate into our IMM practice.

- Impact Management Project’s (IMP) Five Dimensions of Impact
- The Global Impact Investing Network’s IRIS+ System and Taxonomy
- UN Sustainable Development Goals and Targets
- Operating Principles for Impact Management
The case for integrating all four frameworks

The reasons why we have selected these frameworks and how we apply them reflect our desire to solve for the more challenging elements of impact measurement that matter to us deeply as impact investors. In addition to measuring positive impact from our portfolio companies, we aim to evaluate: (1) our impact theory of change over time, (2) additionality from both our portfolio companies and our contributions as an impact investor and (3) “net impact.” We view the four frameworks as highly complementary to each other, together providing a powerful, unified tool for impact assessment.

Net impact
To evaluate net impact, we take several steps. As a matter of policy, we avoid investing in specific categories such as controversial weapons, producers of tobacco and UN Global Compact (UNGC) violators. We also assess negative externalities and integrate ESG research and engagement into our process of analyzing companies, and we evaluate risk from multiple angles.

Additionality
Our desire to evaluate not only negative externalities and risk, but also investor and investee contributions to impact led us to adopt the Impact Management Project’s (IMP)’s Five Dimensions of Impact as a reinforcement of our own philosophy and practice.

Comparability over time
The IMP Five Dimensions provide a consistent framework for impact assessment across different types of companies. The structure is also embedded within the Global Impact Investing Network’s (GIIN) IRIS+ System, which gives a standardized approach to impact measurement by themes, such as food security, and by SDGs. In addition, the IRIS+ System provides a common taxonomy with hundreds of standardized metrics and definitions. In terms of impact metrics, we specifically use the IRIS+ Core Metrics Set.

Using standardized frameworks and taxonomy as much as possible increases the comparability of impact measures across investments, over time, and helps unify methodologies in the industry.

Impact dimension | Impact questions each dimension seeks to answer
---|---
**What** | What outcome is occurring in the period? Is the outcome positive or negative? How important is the outcome to the people (or planet) experiencing them?
**Who** | Who experiences the outcome? How underserved are the affected stakeholders in relation to the outcome?
**How much** | How much of the outcomes is occurring — across scale, depth and duration?
**Contribution** | Would this change likely have happened anyway?
**Risk** | What is the risk to people and planet that impact does not occur as expected?

Alignment to the SDGs is not enough to qualify as impact; we require that companies advance the SDGs by providing a solution that is additional, thereby creating genuine impact.”

Quyen Tran
Director of Impact Investing & Head of FE Sustainable Investment Research
Operating principles for impact management

While investing for impact can be an attractive proposition, we believe how it is done matters as well. BlackRock is a signatory to the Operating Principles for Impact Management, reflecting our commitment to steering impact investing strategies with the highest standards. According to the International Finance Corporation (IFC)-led initiative, signatories are impact investors that publicly demonstrate their commitment to implementing a global standard for managing investments for social and environmental impact.¹ Our Global Impact strategy adheres to all nine principles. On an annual basis, we provide a disclosure statement describing how each principle is incorporated into our investment process.

Contribution to industry best practices

Anchored by our own principles and views of best practices, we have integrated selected industry frameworks into our IMM practice. Looking ahead, we expect our practice will evolve over time. Even today, standardized key performance indicators (KPIs) are not yet available for many business models that we have discovered to be delivering impact. In such cases, we document bespoke metrics that capture our impact thesis and theory of change, and we provide feedback to our industry thought partners, sharing what we have learned to evolve best practices together. This collaboration reflects our commitment to advancing the industry for the benefit of our clients.

¹ Source: https://www.impactprinciples.org/signatories-reporting.
Our partnerships

BlackRock’s commitment to impact and sustainable investing
BlackRock’s awards and milestones

8x

8 consecutive years’ perfect scores awarded by the Human Rights Campaign’s Corporate Equality Index from 2012–2019

A+

Rated A+ for Strategy and Governance in the Principles for Responsible Investment “PRI” Assessment Report in 2020

#1

#1 in the Capital Markets industry in America’s Most JUST Companies for 2021, according to Forbes and JUST Capital

#1 in the Investment Banking & Investment Services industry in Refinitiv’s Top 100 Most Diverse & Inclusive Index in 2020

#1 Asset Manager contributing to sustainable and responsible investing in the SRI Connect Independent Research in Responsible Investment (IRRI) Survey in 2019
Best investor engagement

Award for Best Investor Engagement
Institute of Corporate Secretaries and Administrators (ICSA) in 2019

3 The PRI Reporting Framework is a key step in building an industry standard for reporting responsible investment (RI) activities. The module scale of evaluation goes from E (worst) to A+ (best).
4 The 2021 list of America’s Most JUST Companies celebrates U.S. corporations that outperform their peers in the Russell 1000 on the priorities of the American people, issues like fair pay, ethical leadership and good benefits, among others.
5 The D&I Index, launched in 2016, ranks the top 100 publicly traded companies globally with the most diverse and inclusive workplaces, as measured by 24 metrics across four key categories: Diversity, Inclusion, People Development and News Controversies.
6 IRRI Survey 2019 is a 360° evaluation of the economics and dynamics in the SRI and corporate governance value chain. Findings were based on the analysis of 30,281 data points collected from 954 respondents in 44 different countries.
7 The ICSA Awards recognize and celebrate excellence in governance and annual reporting, rewarding the work and achievements of companies, teams and individuals across the governance profession.
8 BlackRock’s support for this initiative is made via grants recommended to and paid by the BlackRock Charitable Trust, a donor-advised fund.
9 In June 2020, we achieved our 100% renewable energy goal to match with renewable electricity the same amount of electricity our global operations (including data centers) consume annually. This is done through procuring renewable energy directly where possible and through purchasing environmental attribute credits where we do not have operational control or renewable energy is not available.

100% of travel-related emissions offset since 2017
100% renewable energy achieved globally in 2020
Supporting SDG 17 – partnerships for the goals

We believe that by supporting industry practitioners and contributing to improvements in market practices, collectively we will move closer to achieving the UN Sustainable Development Goals, drive adoption of best practices and promote transparency on impact and sustainable investing and reporting.
A partial list of our industry engagement and contributions:

Operating Principles for Impact Management
Impact Principles Signatory
BlackRock’s Impact Principles Disclosure Statement

Global Steering Group (GSG) for Impact Investment
Leadership Group Member

Impact Management Project
Advisory Group Member

The Global Impact Investing Network
Network Member
Listed Equities Working Group Member
IRIS+ Working Group Member

Impact Investing Institute
Founding Supporter
Advisory Council Member

Ellen MacArthur Foundation
Circular Economy Research Partnership

UN Global Compact
Member

UN Principles for Responsible Investing (PRI)
PRI Signatory

Green Bond Principles
Founding Member
Executive Committee Member

Climate Action 100+
Member

Task Force on Climate-related Financial Disclosures (TCFD)
Founding Member
BlackRock’s 2020 TCFD Report

Focusing Capital on the Long Term (FCLT)
Founding Member
Strategic Advisor
Our impact

Impact themes and solutions spotlight
Financial & digital inclusion

Sustainable food & water

Education & skilling

Pollution remediation & prevention

Public health

Green energy

Affordable housing

Efficiency, electrification, digitization

Safety & security
Financial & digital inclusion

A pathway out of poverty

The World Bank recognizes financial inclusion as a key enabler to reduce poverty and boost prosperity. Access to affordable financial services, including loans, insurance, savings accounts and digital payments, provides the opportunity for individuals to plan for the future, build a business and persevere through unexpected financial emergencies. Unfortunately, approximately one-third of adults globally — 1.7 billion — are still unbanked. Women are disproportionately affected, exacerbating the barriers to economic opportunity and empowerment. Even worse, the unbanked are at higher risk for abusive, predatory lending that can trap them in a cycle of poverty.

Affordable financial services also provide critical opportunities for small and medium-sized enterprise (SMEs), which account for over 93% of businesses globally. The positive social and economic impact from supporting SMEs compounds exponentially, as these businesses account for two-thirds of total employment in both developed and developing countries, and 50% of GDP in developed economies. The COVID-19 pandemic has created unprecedented economic disruption and hardship, including permanent closures, for many SMEs, particularly those owned by minorities. Under stress, access to credit becomes even more difficult, raising higher the barriers that would allow SMEs to be resilient, rebuild and emerge from struggle.
Heightening impact investing in public equities democratizes efforts to solve some of the world’s biggest problems. Through increasingly accessible products, it not only empowers people who aspire to be more proactive in changing the world, but also contributes to their financial well-being through unique alpha generation.”

Jae Sung
Core Portfolio Manager

In addition to financial services, access to the internet is critical for economic and social inclusion, particularly when access provides opportunities for the most vulnerable. For some individuals, the internet provides the only source of financial inclusion, education and other life-changing services. It may be a surprise to learn that 49% of individuals globally still lack access to the internet. Among lower-income countries, lack of access is even more pronounced.

Innovative solutions

We believe effective solutions must be tailored to local needs. For instance, in regions where the infrastructure does exist for internet connectivity, challenges such as internet literacy, trust and safety can create barriers to adoption. We are invested in several companies that go beyond providing internet connectivity to offer literacy training, as well as mobile money services that reach underserved populations in emerging markets, including those in Kenya, Central and South America. For example, one of our portfolio companies in Brazil provides a digital wallet to help people who could not afford a traditional bank account obtain a free online account.

Our investments in financial services companies that provide capital to micro, small and medium-sized businesses, particularly during the global pandemic, signal our support for the survival and growth of thousands of entrepreneurs and the importance of their businesses. In the U.S., one of our portfolio companies providing small merchants with affordable financial services created a free peer-to-peer app that helps unbanked consumers to be included in formal financial services.

While we are encouraged by the innovation driving improvements in financial and digital inclusion, further solutions are urgently needed to reach the most disadvantaged. Among those who lack access to the internet, most are women, the poor and those who have low literacy and numeracy skills. We continue to search for companies that help break down the barriers preventing individuals from being counted and included in our financial and social economy.
Solutions spotlight on Bank Rakyat

Based on our research as of 2020, Bank Rakyat is the largest microlender and financial services provider in Indonesia, where approximately half the adult population remains unbanked. In addition to microlending, the bank provides services including financial literacy training programs, savings vehicles and insurance products, helping to foster financial resilience, empowerment and economic opportunity for underserved communities. Bank Rakyat’s microlending business targets micro, small and medium-sized enterprises, rural communities and underserved individuals.

3 Ibid. 36.
5 Ibid.
7 Ibid.
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In addition to microlending, the bank provides services including financial literacy training programs, savings vehicles and insurance products, helping to foster financial resilience, empowerment and economic opportunity for underserved communities. Bank Rakyat’s microlending business targets micro, small and medium-sized enterprises, rural communities and underserved individuals.

Indonesia is an archipelago with over 10,000 islands; approximately 6,000 of them are inhabited. Due to the dispersed population across these thousands of islands, it is difficult to scale traditional business models that rely on physical locations. Bank Rakyat has built a financial agent network that allows its services to reach even the most rural areas of Indonesia’s islands, reflecting an innovative business model specific to local needs.

**Target 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.

**Target 10.1** — By 2030, progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average.


1 BlackRock Impact Team, March 2020.
IRIS metrics work better in sets.”

The GIIN

- We use the IRIS+ System and apply not only the IRIS metrics taxonomy, but also its Core Metrics Set.
- For an impact theme or Sustainable Development Goal, the IRIS+ System provides generally accepted Core Metrics Sets recommended for measuring impact in that theme.
- Notably, our proprietary research has discovered many impact companies with innovative business models that are not yet recognized in any standardized impact measurement methodology.
- In cases where standardized metrics are not available, we develop bespoke metrics that capture our impact thesis, then document our work for transparency, auditability and repeatability. This standard of care reflects what we believe are best practices.
- To illustrate how we apply the IRIS+ System, we show the detailed structure behind our approach in the Solutions Spotlight for Bank Rakyat below.
Our framework for impact: Bank Rakyat

<table>
<thead>
<tr>
<th>What</th>
<th>IRIS+ Core Metrics Set</th>
<th>Metric Identifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic goal</td>
<td></td>
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<tr>
<td>Improving access to and use of responsible financial services for historically underserved populations</td>
<td>Client Transactions</td>
<td>PI5184</td>
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<tr>
<td>530.1 million client transactions through branchless banking for local communities and loans specifically for micro, small and medium enterprises (MSME) and rural communities</td>
<td></td>
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</tr>
</tbody>
</table>

| Who | |
| Stakeholder description | |
| Clients consist of lower-income adults, MSME and rural communities that lack access to formal financial services. Stakeholders are geographically dispersed across approximately 6,000 inhabited islands and as a result, this physical separation adds a significant challenge to access formal financial services. | |

| Who | |
| Target Stakeholders | OD7212 |
| Stakeholder Demographic | PD5752 |
| Stakeholder Socioeconomics | PD2541 |
| Stakeholder Setting | PD6384 |
| Stakeholder Geography | PD6424 |
### How much

#### Scale

- **4.0 million client organizations through a loan program specifically for MSME**
- **4.8 million clients through a loan program specifically for rural communities**
- **521.3 million client transactions specifically through branchless banking service for local communities**

#### Depth

- **125,035 year-over-year (YoY) increase in MSME clients**
- **369,096 YoY increase in clients in rural communities**
- **142.6 million YoY increase in local community transactions**

### Contribution

**Enterprise contribution**

Bank Rakyat offers additionality through its microlending business to MSME, individuals and rural communities that have been underserved. In addition, the Bank Rakyat agent network, which is four times larger than that of the next competitor, reaches the outermost, frontier regions of the country, providing financial services to remote communities.

### Risk

**Impact risk**

We believe the risk from the bank’s partial government ownership and exposure to Indonesian public policy is misperceived and overstated. The more relevant fact is that the government stands squarely behind Bank Rakyat’s mission to mobilize credit to the unbanked.
Our framework for impact: Bank Rakyat

IRIS+ Core Metrics Set

<table>
<thead>
<tr>
<th>Metric Identifier</th>
<th>What</th>
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Client Transactions: 530.1 million client transactions through branchless banking for local communities and loans specifically for micro, small and medium enterprises (MSME) and rural communities

Client Organizations: 4.0 million client organizations through a loan program specifically for MSME

Calculation of Change, Client Organizations: SMEs |

Calculation of Change, Client Individuals: Rural |

Contribution: Enterprise contribution

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1 BlackRock with company data from Bank Rakyat's 2019 Sustainability Report.
Education & skilling

Widening disparities

Access to affordable, quality education is necessary to helping the vulnerable escape poverty, economic exclusion and social stigma. An estimated “258 million children, adolescents and youth, representing 17% of the global total, do not attend school.” Lack of access to education has only been exacerbated by the COVID-19 pandemic, with the closure of schools and job training programs around the world.

Disparities in the global education system are often associated with disadvantages based on socioeconomic background, ethnicity, gender and/or disabilities. On average, progress to improve the attendance in secondary education is slower among children from households in the lowest wealth quintile and those who are from disadvantaged ethnic groups. This must improve to help break the cycle of poverty that can endure over many generations. “Even just one dollar invested in an additional year of schooling, particularly for girls, can generate earnings and health benefits of US $10 for lower-income countries.”

In higher education, costs have been rising much faster. “The net cost at a four-year public university has grown by almost 81% beyond inflation over the past decade.” Such rising costs have had a disproportionate impact on lower-income countries such as Uganda, where approximately 60% of national education spending is from out-of-pocket expenditures, compared to 30% for higher-income countries. This higher cost of education for lower-income families prevents many from completing their secondary education or pursuing further study.
Improving people’s lives through education has the power to change the world.”

Amanda Summers
Product Strategy Team

Investing in solutions

We search for accessible and affordable solutions that create positive impact across different parts of the education sector. In addition, we also recognize the need to improve the link between completion of education and entry into employment. These two forces together should catalyze a material reduction in poverty and inequalities.

Structurally, private educational services generally consist of private universities, private schools, enrichment programs, tutoring services, vocational schools and career test preparation. Among the multi-faceted solutions that are needed, certain online education programs can provide affordable access to quality education, tutoring, and job training programs, reaching different segments of the education industry due to their broad reach. Our research has also found companies that provide post-secondary and vocational education programs for students in underserved communities, mainly in emerging markets. These programs include low-cost, distance learning options, which have proven essential for continuing education during the COVID-19 pandemic.

We believe that the increased access to and reduced cost of education must also be paired with improved access to employment opportunities. An astonishing 70% of women are employed in the informal economy, which comes with greater risks, including lack of protection of basic employment rights. To help create a bridge toward formal employment, an innovative company has created a marketplace connecting freelance workers with formal employment. This business model also empowers individuals with flexible work needs. In fact, more than half of its workforce includes individuals with disabilities who cannot pursue a full-time job. Other freelancers include those who require flexible work options due to other commitments such as being a caretaker of children or the elderly. Our research also uncovered an industry leader in online career placement services that helped pioneer online, career-placement services in Australia and Asia with a focus on emerging markets. The company also actively incubates early-stage companies that provide affordable education services.
Solutions spotlight on Chegg

Based on its ranges of services and number of higher education students reached, Chegg is the leading direct-to-student learning platform, transforming the accessibility and affordability of learning for millions of students worldwide. Chegg supports students in their important educational journey "from high school, through college and into their careers. Chegg has tools designed to help them pass their test, pass their class and save on required material." Chegg achieves this through two services. The Chegg Study service includes, to name a few, textbook and expert solutions, video content, quizzes, access to online tutoring and professional courses. The Chegg Required Material Service includes an extensive library of print and online textbooks that are available to buy or rent.3

References:
1 Global Education Monitoring Report, Inclusion and Education All Means All, 2020, 6.
5 UIS Database, Global Education Monitoring Report, Inclusion and Education All Means All, 2020, 334.
Chegg is an innovator in low-cost online tutoring services, which comprise most of its business, and an industry leader in creating the mass textbook rental model to lower the significant upfront costs of purchasing physical textbooks. Its online platform is particularly beneficial for students who can only access their studies remotely. Through Chegg’s Online tutoring service, students can get help from Chegg experts in an average time window of 46 minutes after sending a digital photo of their question. By providing a broad range of services, we view Chegg as instrumental in advancing access to quality education and increasing the set of skills needed to achieve decent employment.

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

Target 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.


Our framework for impact: Chegg

1 BlackRock Impact Team, May 2020.
3 Ibid.

Reference to the names of each company mentioned in this communication is merely for explaining the investment strategy and should not be construed as investment advice or an investment recommendation of those companies.
What

Strategic goal
Improving equitable education and learning for all

• 90% who have used Chegg Study for two months or more say it helps them better understand their schoolwork¹

Who

6.6 million students subscribed to Chegg’s services in 2020²

How much

Scale
• Students can access 47 million readily available expert answers and 6 million Textbook Solutions on Chegg Services platform³
• In 2020 there were a total of 6.5 expert answers and textbooks available per individual who paid for Chegg’s Services⁴
• Chegg’s Textbooks & eTextbook services can save up to 90% off textbook costs⁵

Depth
• Chegg increased the number of readily available expert answers by 57% and the number of Textbook solutions increased by 20% in 2020, compared to 2019⁶

• Compared to 2020,⁷ Chegg increased the number of expert answers and textbooks by 7% per individual who paid for Chegg’s services
• The number of Chegg Service subscribers grew by 67% compared to 2019⁸

Contribution

Based on its ranges of services and number of higher education students reached, Chegg is the leading direct-to-student learning platform,⁹ transforming the accessibility and affordability of learning for millions of students globally. Chegg is an innovator in low-cost online tutoring services, which comprise most of its business, and a leader in creating the mass textbook rental model to lower the significant upfront costs of physical textbooks.

Risk

To continue to support students, Chegg relies on highly skilled engineers and educators and the need to retain such talent is critical in order to produce high-quality material. We believe Chegg appears to have robust talent programs in place and engagement structures with their employees.
Our framework for impact: Chegg

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3 Ibid.
4 Ibid.
8 Ibid.
Public health

Quality, access and lowering the cost curve

While ongoing medical discoveries and breakthrough treatments are critical, improving global health must include basic access to affordable care. Less than half of the global population is covered by essential health services that help mitigate health problems through preventive measures.\(^1\) Heart disease remains the leading cause of death globally, and deaths from diabetes increased by 70% worldwide between 2000 and 2019, with an 80% rise in deaths among males.\(^2\) In addition to these and other global epidemics, the COVID-19 pandemic of the past year has disrupted existing health-care services, including childhood vaccination programs in approximately 70 countries and services that help prevent the spread of communicable diseases.\(^3\)

The pandemic also has strained the world’s medical system, which already was stretched by a scarcity of physicians in every region of the world. In the Americas, there is one physician for every 417 individuals. The ratio varies widely across regions. For example, Europe has a ratio of 1 to 293; Southeast Asia has a ratio of 1 to 1,239; and Africa has a ratio of 1 to 3,324.\(^4\) Clearly, in order to improve patient outcomes, our health-care system must ensure efficient use of all medical practitioners’ time.

Innovative solutions

Higher-cost health care does not necessarily translate to better-quality care. The U.S. spends heavily on health care as a share of the economy — nearly twice as much as in the average of OECD countries — yet it has the lowest life expectancy and highest suicide rates.\(^5\) In fact, because high costs often create an impediment to accessing essential services, we seek to invest in companies that lower the cost curve in the health-care system.
We are invested in a technology company that lowers administrative costs and increases physicians’ productivity, saving precious clinical hours that can be used instead on more time with patients. Other innovative business models, including telemedicine, enable medical visits to be virtual, which has been essential due to pandemic social-distancing requirements. Telemedicine’s business model has long been particularly beneficial for patients challenged by mobility or distance from medical providers, including the elderly, the homebound and those living in remote areas.

Among breakthrough discoveries, we are invested in a company that uses genomic sequencing to address an expanding range of health issues, including women’s health and broad cancer screening. Over the years, this company has driven down the price that a patient pays to gain access to clinically valuable genetic information. This genetic information is highly relevant as patients and physicians determine the best path for personalized care. Elsewhere in the health care sector, we see exciting developments in next-generation treatments of major diseases like cancer and Alzheimer’s and are encouraged by innovation in new modes of delivering basic health-care services. We are invested in companies that provide innovative diagnostics tools and state-of-the-art medical equipment that lead to better health-care prognoses and science. These solutions often improve the quality of care while simultaneously increasing access and reducing cost, which provides immense value to the broader public health ecosystem.

1 The Sustainable Development Goals Report 2020, 10.
3 Ibid.
Solutions spotlight on Oak Street Health

Oak Street Health is an integrated network of primary care centers exclusively focused on treating the Medicare-eligible population (U.S. citizens over the age of 65), with a particular emphasis on high-risk, chronically ill seniors predominantly in medically underserved communities. The company’s business model is structured on value-based care, as opposed to standard fee-for-service or volume-based care. Oak Street has built its model to myopically focus on solving patient needs, and as patients become healthier, Oak Street generates increased profits. The company has had a strong track record of patient satisfaction and superior patient health outcomes which we believe is due to alignment of financial incentive and effective care delivery.¹

Target 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.


¹ Company S1 filing on February 8, 2021.
Our framework for impact: Oak Street Health

What

Strategic goal
Provide access to quality primary health-care services for the Medicare-eligible population in the U.S.

- Provided care for 97,000 senior patients in 2020

Who

40% of patients have a behavioral health diagnosis, 86% of patients have one or more chronic diseases and 50% of patients are exposed to social risk factors.

How much

Scale
97,000 patients across 79 facilities that are focused on the Medicare-eligible, senior population in the U.S.

Depth
- 21% increase YoY in number of patients
- 51% reduction in hospital admissions, 42% reduction in 30-day re-admission rate, 51% reduction in emergency visits versus a Medicare benchmark

Contribution

The company’s business model is structured on value-based care, as opposed to the standard volume-based care, serving senior patients and typically focusing on a higher-risk, chronically ill population in medically underserved communities.

Risk

As a health-care service provider focused on positive patient outcomes, there is execution risk from failing to deliver superb care and cost-effective patient results. Thus, the company’s human capital management practices are critical to attract and retain health-care talent that can provide the best level of patient care. We believe the company has in place attractive policies, including ongoing staff training and aligned physician compensation, to support and manage its clinical care model.
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1 Oak Street Health 2020 Annual Report, 4.
2 Oak Street Health 2020 Annual Report, 9 & Oak Street Health Corporate Presentation, November 2020, 15.
3 Oak Street Health 2020 Annual Report, 4, 9.
4 Oak Street Health 2020 Annual Report, 4 & Oak Street Health Corporate Presentation, November 2020, 15.
5 Oak Street Health Corporate Presentation, November 2020, 13.
Affordable housing

Homelessness during the pandemic

Before the COVID-19 pandemic, 1.6 billion people around the world lacked access to basic shelter, and homelessness was already on the rise in every region of the world.¹ The pandemic has worsened challenges for the homeless while limiting the ability for shelters and other social services to provide essential help. Among those experiencing homelessness, women often face additional challenges. For example, in the U.S., over 85% of homeless families are headed by women, with domestic violence as a principal cause of homelessness among single-mother families.² These circumstances undoubtedly create a wretched environment for too many homeless children.

The pandemic has placed unexpected additional economic strain on many at risk of becoming homeless. When households must choose between paying the rent or mortgage versus other spending, often sacrifices are made to forgo some basic needs, including health-care services and nourishing food.

During the first quarter of 2021, our Director of Impact Investing reached out to Boston-based Rosie’s Place, opened in 1974 as the first women’s shelter in the U.S., and Pine Street Inn, the largest provider of services for those experiencing homelessness in New England. We learned that, due to rules established to prevent the spread of COVID-19, these organizations cannot accept most food donations now; more crucially, they cannot accept most people seeking shelter due to social-distancing requirements. Their staffs must take extra precautions to provide limited but critical services. Such challenges provide only a glimpse into the complications faced by our most vulnerable citizens during the pandemic.
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Innovative solutions

We believe both the private and public sectors must mobilize to deliver essential goods, services and empowerment programs for those experiencing homelessness, easing their path toward a better life. Whether we are volunteering directly in our local communities or making institutional investments in affordable housing solutions, these efforts are interconnected to increase access to shelter and help those in need.

We have found companies that play varied roles in the affordable housing market and are encouraged by the convergence of global efforts. In the U.S., we have invested in a company that upgrades and transforms trailer parks into genuine communities, adding community centers, landscaping and other services for residents. Homebuilders in both developed and emerging markets are expanding their businesses to build low-cost, modular homes that can be efficiently scaled. In Europe, a France-based developer provides not only below-market-rate housing for families, but also specialty housing for students and the elderly. In Southeast Asia, a housing developer has recognized the urgent need for affordable housing and focuses specifically on rural communities. We believe that these efforts, particularly when combined with services such as low-cost mortgage lending in our financial inclusion impact theme, all contribute to affordable housing solutions and the opportunity to build a better life.

Solutions spotlight on Katitas

In Japan, a declining population and migration to major cities have resulted in stalled economic growth and abandoned communities in rural areas. In addition, an undersupply of affordable housing — particularly surrounding major cities — creates a significant barrier for lower-income families to secure a home. To address these challenges, a real estate company called Katitas is deploying an innovative business model throughout Japan. The company purchases deteriorating homes — many of them abandoned — remodels and then sells them to lower-income households at a fraction of the cost to buy a new home or even to rent an apartment. By replacing these empty houses, called "akiya" in Japan, with revived homes and communities, Katitas creates positive outcomes for multiple stakeholders beyond just individual households. In recognition of its successful business model, the company in 2017 won the Porter Prize, which recognizes outstanding Japanese companies that enhance the competitiveness of the country’s industries.¹

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


Accessed April 2021.
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### Our framework for impact: Katitas

**What**

**Strategic goal**
Increasing housing affordability

- JPY 14.7 million average sales price, compared with JPY 28.4 million, the average market value for a new, single-family home in a rural area¹
- Monthly mortgage payment average JPY 41,000, compared with JPY 80,000 for a new single-family home in a rural area²

**Who**
Households with an annual income of JPY 2 million to JPY 5 million³

**How much**

**Scale**
Over 5,100 single-family, detached homes sold in the secondhand residential housing market⁴

**Depth**
11% YoY increase in the number of single-family, detached homes sold⁵

**Contribution**
Katitas offers a unique value proposition with its business model of providing affordable repurposed housing at scale in Japan.

**Risk**
As Katitas restores homes, workplace safety is a material risk during the renovation process. The company has health and safety policies and practices in place to protect its employees and contractors.
Our framework for impact: Katitas

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1 Katitas 2020 ESG Report, 10.
2 Ibid.
3 Ibid. 9.
5 Ibid. Katitas 2019 Results Presentation, 22.
Safety & security

Cybersecurity, workplace and personal safety

As individuals, businesses, governments and other entities increase their presence on the internet, the risk of cybercrime increases. The cost of cybercrime globally is expected to grow by 15% annually over the next five years, reaching US $10.5 trillion annually by 2025, up from US$3 trillion in 2015.\(^1\) Sixty-eight percent of businesses fear their data risks are increasing gradually.\(^2\) Beyond the financial toll, cyberattacks can lead to personal identity theft, compromise individual security and threaten society through hacks of corporations, governmental disruption or endangered national security. Protecting our personal data, intellectual capital and government systems is paramount to ensure functional societies and healthy economies.

Within our safety and security impact theme, we also focus on workplace and personal safety. In the U.S., the trend in workplace safety has been concerning. In 2019, the number of workplace-related fatalities increased by 2% over 2018 and represents the largest fatal case count since 2007.\(^3\) The International Labour Organization (ILO) estimates that, globally, approximately 2.3 million adults suffer from work-related incidents every year, which corresponds to more than 6,000 deaths each day.\(^4\)

Innovative solutions

As cyberattacks grow more sophisticated, the need to adapt quickly and develop advanced protection becomes even more urgent. We have found companies that specialize in personal identity protection, helping individuals with all stages of protection — from prevention and monitoring to navigating an action plan once theft has occurred.
Many of the world’s great problems, such as social justice issues, are enduring. Some are worsening, like the degradation of our environment, others are and will be new – cybersecurity, for instance. Governments, nonprofit organizations and private-market investments simply won’t be enough. Impact investing in public equities can help in filling the gap.”

Max Zamor
Product Strategy Team

Among cybersecurity services for businesses, we focus on solutions that help small- and midsized enterprises. Often, these enterprises are responsible for their own security infrastructure in-house, with limited information technology (IT) resources. We are invested in a cybersecurity company, for instance, that offers vulnerability detection and management software for a small enterprise to track all the machines in its domain and remediate issues that arise.

To help improve workplace and personal safety, particularly for businesses that rely heavily on human capital, we actively engage with companies on their human capital management policies and processes. We also focus on companies whose products improve workers’ physical safety, such as equipment that reduces the strain and risk of heavy lifting, as well as companies that provide critical communication channels for employees during emergencies or unexpected disruption of business.

Solutions spotlight on Everbridge

Everbridge is a technology software company with services that reduce the negative impact of disasters and other critical events on human life and business operations. Using Everbridge’s platform, organizations, including hospitals, corporations and governments, can quickly manage and accelerate their response to unexpected events to help keep people safe and businesses continuity plans on track.

Everbridge has developed a modern and comprehensive communications platform consisting of multiple applications with different communication channels. Its historic core applications are Mass Notification, IT Alerting and Safety Connection. It has expanded its application suite to be increasingly sophisticated and cater to multiple end-users. Among publicly traded companies offering critical event management, we see Everbridge as the leader in the industry as reflected by the additionality it offers as an impact company. ¹

During the COVID-19 pandemic, Everbridge has been helping communities by broadcasting coronavirus shelter-in-place warnings and notifications about infection hot spots. Throughout 2020, Everbridge launched several applications under the COVID-19 Shield line, which allow users access to crucial information such as “public health information, risk insights, wellness checks, logistics awareness and vaccine appointment management.” ² Such information has helped to protect individuals, uphold supply chains and ensure businesses could remain operational.

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Target 11.5 — By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations.
Goverments around the world are using Everbridge’s platform to develop disaster response plans and maintain communication capabilities, should disasters strike. For example, in May 2019, Cyclone Fani hit Odisha, one of the largest states in India. Using Everbridge’s services, the government was able to evacuate over 1 million people and remove them from harm’s way. Other governments are also using Everbridge as their nationwide alerting system.

Our framework for impact: Everbridge

What

Strategic goal
Reduce the harm of disasters and other critical events on human life and business operations, through enterprise software applications and deploying emergency notifications to individuals

• Delivered over 5 billion interactions in 2020

Who

The Everbridge platform reaches over 650 million people in more than 200 countries and territories

Contribution

Everbridge is a global leader, technological innovator and first mover in the critical communications space.

Risk

Protecting clients’ privacy is a key risk due to Everbridge’s business model. Everbridge has policies and processes in place to keep client data secure and protected from privacy breaches.


1 BlackRock Impact Team, April 2021.
2 Everbridge 2020 Annual Report, 10.
Our framework for impact: Everbridge

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Reduce the harm of disasters and other critical events on human life and business operations, through enterprise software applications and deploying emergency notifications to individuals

Delivered over 5 billion interactions in 2020

Who
The Everbridge platform reaches over 650 million people in more than 200 countries and territories

How much
Scale
Over 5 billion interactions, or 158 interactions per second, were delivered by Everbridge in 2020

Depth
• Over 40% increase YoY in number on interactions sent by Everbridge
• 12% increase YoY in client individuals

Contribution
Everbridge is a global leader, technological innovator and first mover in the critical communications space.

Risk
Protecting clients’ privacy is a key risk due to Everbridge’s business model. Everbridge has policies and processes in place to keep client data secure and protected from privacy breaches.

1 Everbridge 2020 Annual Report, 7.
4 Everbridge Investor Presentation, March 2021, 22.
Sustainable food & water

Food and water insecurity

We see interdependent issues that threaten the current and future security of the world's food and clean water. These challenges create an urgent need for improved management of our natural resources to ensure that our global food and water systems can be operated more sustainably and efficiently while also granting broader access.

The plight of almost a billion people worldwide fighting hunger and malnutrition has only been exacerbated by the COVID-19 pandemic. Approximately one in 10 people experiences severe levels of food insecurity, and this level has grown worse in the last five years. The gender gap has also widened, as women continue to face a disproportionately higher level of food insecurity than men.

Compounding these stresses, by 2050 the world's population is expected to increase by 2 billion, resulting in the need to vastly boost the volume and efficiency of sustainable food production. Our limited natural resources, including depleting arable land, pose implementation challenges. For instance, between the early 1960s and late 1990s, the amount of arable land per person declined by 40%, and soil erosion has worsened. The excessive use of agricultural chemicals and increased intensity of land use has led to land degradation, threatening the bounty of longer-term yields and agricultural productivity in general. Moreover, food production is responsible for 26% of all greenhouse gases (GHG), thereby contributing to the current climate crisis.
We see interdependent issues that threaten the current and future security of the world’s food and clean water. These challenges create an urgent need for improved management of our natural resources to ensure that our global food and water systems can be operated more sustainably and efficiently while also granting broader access.

The plight of almost a billion people worldwide fighting hunger and malnutrition has only been exacerbated by the COVID-19 pandemic. Approximately one in 10 people experiences severe levels of food insecurity, and this level has grown worse in the last five years. The gender gap has also widened, as women continue to face a disproportionately higher level of food insecurity than men. Compounding these stresses, by 2050 the world’s population is expected to increase by 2 billion, resulting in the need to vastly boost the volume and efficiency of sustainable food production. Our limited natural resources, including depleting arable land, pose implementation challenges. For instance, between the early 1960s and late 1990s, the amount of arable land per person declined by 40%, and soil erosion has worsened. The excessive use of agricultural chemicals and increased intensity of land use has led to land degradation, threatening the bounty of longer-term yields and agricultural productivity in general.

Moreover, food production is responsible for 26% of all greenhouse gases (GHG), thereby contributing to the current climate crisis. Despite the persistence of hunger and malnutrition, food waste endures: 13.8% of total food produced in the world is lost between farm and up to, but excluding, retail. Our water infrastructure is similarly under stress, resulting in the steady loss of clean water due to leakage and water-main breaks. In the U.S. alone, aging water infrastructure results in a loss of over 2 trillion gallons of drinking water annually, worth over US$7 billion. Globally, one in three people still does not have access to safe drinking water.

Investing in solutions

We believe agricultural production and water infrastructure can and must undergo transformations to protect our limited natural resources, generate lower carbon emissions and secure food for our future. We have discovered companies introducing innovative and disruptive solutions along the food supply chain, such as lower-carbon, efficient protein production through onshore salmon farming. We have identified companies that offer state-of-the-art water irrigation systems for smallholder farmers and education programs to empower entrepreneurs with the knowledge and tools to improve the efficiency of their agricultural practices. We can help build and rebuild resilient water infrastructure by investing in companies providing modern equipment and smart water technology that’s able to detect leaks, assess water quality and capture advanced data analytics that enable utilities and governments to manage the end-to-end cycle of water efficiently.

2. Ibid. 3.
3. UN, at a slower pace, world population is expected to reach 9.7 billion in 2050 and could peak at nearly 11 billion around 2100, World Population Prospects 2019: Highlights, 2019.
Solutions spotlight on Genus

Genus is an animal genetics company whose mission is to help farmers breed healthier livestock that produce more milk and protein. Based on its proprietary research and data library of bovine and porcine genetic information, Genus can identify genetic characteristics such as reduced susceptibility to disease and higher fat or protein content. By selling best-of-breed semen, embryos and breeding livestock, Genus helps dairy and livestock farmers raise healthier animals that deliver improved yields. Operating in 75 countries, Genus’ non-transgenic means of selective breeding helps address food scarcity.
Genus also aims to reduce emissions by driving porcine and bovine genetic developments that improve feed efficiency, which reduces the feed required per animal without impacting the productivity of the animal, leading to a reduction in emissions.² According to the Food and Agriculture Organization of the United Nations (FAO), that type of scientific breeding is key to increasing productivity with “improved husbandry practices [that] can reduce emissions by 20 to 30%.”³

The company’s technology and research and development programs firmly place Genus as an industry leader. For instance, its pioneering PRRSv CRISPR program, developed jointly with the Roslin Institute, an animal sciences research institute, aims to prevent the devastating PRRSv infection in pigs by editing a specific gene so that the animals lack the cell receptor to which the virus attaches.⁴


Target 2.1 — By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.

Our framework for impact: Genus

What

Strategic goal
Support farmers in increasing their livestock’s productivity and increase food security

• Completed 21 million cattle inseminations and embryo transfers in 2020 and delivered 171 million pigs from clients’ operations.¹

Who

Served 50,000 beef and dairy farmers in 75 countries and more than 2,500 pork farmers in 40 countries²

How much

Scale
Achieved a feed efficiency improvement of 0.045 kg per kilogram of pork, allowing farmers to produce more while exhausting fewer resources.³

Depth
Genus helped farmers increase the sustainability of their dairy production through the use of genetics; these farmers “use far less land, water and other natural resources to produce more milk” than they previously had.⁴

Contribution

We view Genus as delivering additionality through its pioneering genetic technology and research. Alongside the PRRSv resistance program, we estimate that Genus has achieved a 1% reduction in emissions for every kilogram of pork produced using its genetic programs.⁵

Risk

A risk inherent with genomic editing is not being able to continue developing pioneering technologies while still upholding high ethical and operational standards. We remain committed to avoiding investment in transgenic food. While Genus has a gene editing program, its work does not include transgenics (the transplanting of genes from another species), and therefore is in line with our investment policy.

⁴ Genus 2020 Annual Report, 38.
⁵ BlackRock Impact Team, February 2021.
Pollution remediation & prevention

The toll from pollution

The extraordinary amount of waste produced by humans is endangering the environment and ecosystem in which we live. For instance, municipal solid waste decomposes in landfills for decades, releasing toxic greenhouse gases (GHG) and leaching hazardous chemicals into the ground over time. This problem is expected to get worse. Globally, we generate 2.0 billion tons of municipal solid waste annually, which is expected to grow to 3.0 billion tons annually by 2050.¹

Pollution is a multifaceted problem, and the debate on plastics illustrates this complexity. Plastic is a highly diversifiable material that mitigates, as well as contributes to, waste generation. One of its benefits is the avoidance of food waste by increasing food longevity. The shelf life of food often can be increased by five to 10 days with the application of plastic packaging.² This is a valuable attribute, as food waste, if it were a country, would be the third-largest GHG emitter globally.³ Nevertheless, plastic is a significant pollutant. “Eight million metric tons of plastic leaks into our oceans each year,” endangering ocean life, and “by 2050 there could be more plastic [by weight] than fish in our oceans.”⁴

Rapid growth in manufacturing has lifted many out of poverty.⁵ Yet World Health Organization (WHO) data shows that manufacturing has contributed to a rise in air pollution, with 92% of the world population breathing air that contains high levels of pollutants.⁶ This level of air pollution can be fatal; over 4.2 million deaths annually are blamed on outdoor air pollution.⁷ Unless we change our manufacturing, consumption and waste disposal patterns, the by-products of our actions will lead us toward an unsustainable habitat.
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Investing in solutions

We are encouraged by the innovation we see in recycling, biodegradable plastics, plastic-free alternatives and waste-to-energy companies. As a mechanism for environmental remediation, one of the industry’s leading waste-to-energy companies aims to achieve zero waste by processing waste, recycling discarded metals and other materials, and significantly reducing landfill use. While the company has high Scope 1 and Scope 2 emissions due to its incineration of waste, the life-cycle emissions for its facilities are lower than the level that normally would otherwise be emitted by landfills. In fact, the facility reduces the amount of GHG, expressed as CO\(_2\) equivalents (GHGs or CO\(_2\)e), in the atmosphere by approximately 1 ton for every ton of municipal solid waste combusted, based on a study by the U.S. Environmental Protection Agency (EPA).\(^8\)

While recycling can be one of the most effective remediation methods to mitigate environmental damage, many parts of the world lack the infrastructure to support widespread recycling and waste reduction. Our research has discovered a company offering an innovative solution: reverse vending machines that support deposit return plans. Instead of discarding recyclable containers in a landfill, customers can deposit them at reverse vending machines, which return the preliminary deposit paid when purchasing the product to the customer as an incentive to recycle.

Among other encouraging initiatives, we see increased focus on the development of biodegradable plastics and plastic-free alternatives, a nascent but growing area of scientific research and investable opportunity. Ultimately, we want to see significant progress toward a circular economy where the by-products of our manufacturing, consumption and product disposal practices are in a closed loop, as much as possible. At BlackRock, we partner with our Circular Economy Investment Team, which has an exclusive research partnership with the Ellen MacArthur Foundation, widely recognized as the world’s leading think tank on the circular economy, to investigate new ideas in this promising area of the sustainable investing ecosystem.
Darling Ingredients collects and recycles animal processing by-products, used cooking oil and baking residuals, converting these to stable, usable materials. The company converts what otherwise would be landfill waste into products and special ingredients for use in pharmaceuticals, animal feed, fertilizer and bioenergy. It also has a joint venture business, Diamond Green Diesel, with Valero Energy to manufacture renewable diesel and biofuels.

Solutions spotlight on Darling Ingredients

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3. UN FAO. Food Wastage Footprint: Impacts on Natural Resources, 2013, 17.
5. UN. Industrial Development Cooperation, July 2018, 2.
As the leader in the U.S. with 66% market share in the renewable diesel market, and as the third-largest producer of renewable diesel globally, we see Darling Ingredients’ core business offering additiveness by providing reliable renewable feedstock to the Diamond Green Diesel operations, which in turn contributes to the growth of green energy from waste. This is a competitive advantage as the demand for renewable diesel increases.

Target 12.2 — By 2030, achieve the sustainable management and efficient use of natural resources.

Target 12.3 — By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.


1 Berenberg. Darling Ingredients, Diamond in the Rough Age, July 2020, 1.
Our framework for impact: Darling Ingredients

What

Strategic goal
Improve the sustainability of consumption practices by decreasing metric tons sent to landfills

- Converts what would otherwise be waste into usable specialty ingredients
- Produces renewable diesel, which reduces GHG emissions by 86% compared with traditional diesel

Who

- 10% of the world's animal by-products have been diverted from landfills
- 2.4 million metric tons of CO₂ avoided through the company’s renewable diesel operations, which is equivalent to 450,000 cars removed from the road

How much

Scale
Purchased and processed 11 million metric tons of raw material in 2020

Depth
2% YoY increase in volume purchased and processed compared to 2019

Contribution

As a market leader in the U.S. and among the largest operators globally, Darling Ingredients’ core business and joint venture diverts a significant amount of waste from entering landfills and emitting toxins. With its joint venture, Darling Ingredients is also a leader in producing renewable diesel, an underdeveloped segment of the market with encouraging growth prospects. It emits 86% less GHG than traditional diesel.

Risk

Darling Ingredients’ business model includes producing renewable diesel, which requires emitting CO₂. Overall, we have a positive view on the company, taking into account the significant benefit that renewable diesel offers versus traditional diesel. Darling Ingredients has been explicit in expressing its commitment to minimizing its environmental footprint and continuously evaluates new mechanisms to reduce its energy use, water consumption and GHG emissions. We continue to monitor Darling Ingredients’ efforts to reduce its emissions.
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1 Darling Ingredients 2020 Annual Report, 23.
3 Darling Ingredients ESG 2020 Factsheet, 14.
6 Berenberg. Darling Ingredients, Diamond in the Rough Age, July 2020, 1.
Green energy

The need for transformation

As expressed in our Chairman and Chief Executive Officer Larry Fink’s 2021 annual letter to CEOs, BlackRock is committed to supporting efforts to reach a net zero economy, one that emits no more carbon dioxide than it removes from the atmosphere, by 2050, the scientifically established threshold necessary to keep global warming well below 2°C.1 Our CEO emphasized that “a successful transition — one that is just, equitable and protects people’s livelihoods — will require both technological innovation and planning over decades.”2

With the world’s increased focus on addressing climate change and the U.S.’s commitment to re-join the 2015 Paris Climate Agreement, innovation in renewable energy solutions will gain momentum and structural support. We see the energy sector poised for rapid transformation to combat climate change. An estimated two-thirds of global greenhouse gas (GHG) emissions, a leading cause of climate change, are “linked to the burning of fossil fuels for energy.”3 Energy decarbonization and a reduction in GHG emissions are both vital to keep global warming below 2°C. “This requires raising from 15% to 65% the share of renewable energy sources in the world’s primary energy supply by 2050,”4 which would, alongside the continued improvement in energy efficiency, reduce carbon dioxide emissions by 90%.5

In some parts of the world, basic access to energy does not exist due to lack of resources and undeveloped infrastructure. Energy is essential for our basic needs, from heating our homes and cooking food to lighting our schools and hospitals. However, an estimated 789 million people are living without access to electricity.6 This obstructs countless daily activities and fosters inequalities. In many countries, regional electric utility companies must implement rolling blackouts, shutting down electricity on an intermittent basis in order to avoid the catastrophic dangers of a system overload.
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Although the path to securing universal access to energy while solving for a net zero world is not without significant challenges, we believe it is possible, due to the innovation we see across both the private and public sectors.

Investing in solutions

We believe the collective advancement of diverse business models and renewable energy sources will be required to reach a net zero carbon world. Among such solutions, we look for innovative businesses that drive the reduction in costs of renewable technology, leading to wider adoption and demand for green energy. We are invested in a company that has developed the technology to cut solar wafers thinner, which contributes to a cost and scale benefit. We also seek renewable energy companies with large-scale operations. One such company is a global leader in offshore wind. In addition to its market-leading position in that realm, the company also operates onshore wind farms, solar farms, energy storage facilities and bioenergy plants. We continue to research emerging technologies, such as large-scale renewable batteries and low-cost energy storage solutions, which have tremendous potential to create impact by providing a power source for those without basic access to energy and to store the power generation from intermittent renewable sources.

With a wide range of stakeholders, from companies to governments, institutions and individuals, becoming increasingly focused on advancing renewables, we are excited about the innovation and growth in this industry through novel technology, lower costs and new business models that will help the world reach a net zero future while providing universal access to energy.

1 Larry Fink. Larry Fink’s 2021 Letter to CEOs.
2 Ibid.
Solutions spotlight on Vestas Wind Systems

As a wind energy and technology leader, Vestas designs, manufactures, installs and services wind turbines globally. It is responsible for a diverse portfolio of wind turbines that can operate in multiple environments, even in extreme weather conditions, onshore and offshore. Vestas’ strategy seeks to expand the world’s use of wind energy through its leading, efficient technology and lower-cost business model. Vestas’ advanced technology also increases the efficiency of renewable energy generation, with a single wind turbine producing 30 to 50 times more energy than it consumes in a lifetime. Wind energy grew by 23% annually between 1990-2018, and we believe wind power is positioned for continued, structural growth. Since inception in 1981 through 2020, Vesta’s operations have avoided 1.4 billion metric tons of CO₂ emissions, which is the equivalent of avoiding the emissions from 1 billion passenger vehicles driven in one year.

Reference to the names of each company mentioned in this communication is merely for explaining the investment strategy and should not be construed as investment advice or an investment recommendation of those companies.
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**Target 7.2** — By 2030, increase substantially the share of renewable energy in the global energy mix.

**Target 13.1** — Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Our framework for impact: Vestas Wind Systems

<table>
<thead>
<tr>
<th>What</th>
<th>Contribution</th>
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<tbody>
<tr>
<td><strong>Strategic goal</strong></td>
<td>Vestas creates additionality through its innovative technology and scale, demonstrated, for example, by being the first company to install 100 GW of wind turbines under service.$^7$ The company introduced the V236-15 MW turbine, which has an increase of 84% in swept area and 65% increase in annual energy production.$^8$</td>
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<tr>
<td>Enable the transition to a lower-carbon world by increasing the generation of renewable power</td>
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<tr>
<td>• 129 GW of wind turbines installed in 83 countries$^1$</td>
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Our framework for impact: Vestas Wind Systems

What

Strategic goal

Enable the transition to a lower-carbon world by increasing the generation of renewable power

129 GW of wind turbines installed in 83 countries

Who

17 GW produced and delivered to customers globally in 2020\(^2\) which avoided 186 million tons of CO\(_2\) emissions, saving the planet from GHG emissions from the equivalent of 125 million passenger vehicles in one year\(^3\)

How much

Scale

By the end of 2020, installed wind turbines capable of producing more than 129 GW of renewable energy, avoiding 186 million metric tons of CO\(_2\) emissions in 2020\(^4\)

Depth

- Installed base increased by 14% YoY\(^5\)
- Megawatts produced increased by 35% YoY and megawatts delivered rose by 34% YoY\(^6\)

Contribution

Vestas creates additionality through its innovative technology and scale, demonstrated, for example, by being the first company to install 100 GW of wind turbines under service.

Risk

Vestas is mindful of its environmental footprint and has multiple targets in place, such as becoming carbon-neutral by 2030 and zero-waste by 2040.\(^9\) In addition, as a business that relies heavily on manufacturing and servicing, Vestas recognizes that its operations are labor-intensive and therefore has put in place labor practices and policies to protect its employees and support them with a focus on an increasingly diverse and inclusive workplace.\(^10\)

\(^1\) Vestas 2020 Annual Report, 10.
\(^2\) Vestas 2020 Annual Report, 6.
\(^3\) Vestas 2020 Annual Report, 20.
\(^7\) Vestas 2018 Annual Report, 3.
\(^9\) Vestas 2020 Annual Report, 20, 22.
\(^10\) Vestas 2020 Sustainability Report, 9.
Efficiency, electrification, digitization

Thirsty for resources

Global population growth, increased consumption and urbanization all intensify the strain on our infrastructure and limited natural resources. Water stress has worsened as our global use of water has grown at more than twice the rate of population increase over the last century, and an expanding number of regions are reaching the limit at which water services can be sustainably delivered. Almost 30% of the world’s population, or 2.3 billion people, live in water-stressed countries.

In the U.S., the infrastructure that transports clean water experiences a water-main break every two minutes and an estimated 6 billion gallons of treated water is lost each day, which equates to 2.1 trillion gallons of water loss each year, more than all the household water consumption of the city of Los Angeles. The world’s electricity infrastructure is also aging and at risk of failure. Improving its efficiency is critical to protecting our primary sources of energy and combatting climate change. While renewable energy sources have been increasing, most of our electric power still comes from fossil fuels; therefore, the more efficiently we use electricity, the less we contribute to the use of fossil fuels and the release of CO₂ into the atmosphere. The link between our use of electricity and the burning of fossil fuels is not readily visible, but it’s directly related.
Improving the efficiency of our electric grid is also critical to preventing costly downstream effects. Within the electric grid network, distribution is the biggest point of failure when there is disruption in service. In fact, 92% of disruptions are due to this problem, triggered by capacity management issues, severe weather and aging infrastructure, among other causes. Such outages are costly for households, businesses and institutions, both from a financial and a human perspective, especially when they precipitate emergencies that people must navigate.

**Innovative solutions**

To achieve sustainable economic growth, we must decarbonize the economy and preserve our planet’s natural resources. As much as possible, we need to eliminate leaks, prevent disruption in services, upgrade old infrastructure and detect problems before they become disasters. Developing smart metering technology, applying advanced data analytics, digitalizing networks and investing in next-generation solutions all play critical roles.

We are invested in a Swiss-based company that specializes in smart electric meters, smart street lighting and other advanced sensors and devices. Operating globally, the company’s platform combines hardware and software to provide utility companies with an integrated application for an intelligent grid.

In the buildings and construction sector, we recognize the need to significantly reduce CO₂ emissions, which reached a record high in 2019, accounting for 38% of total global energy-related CO₂ emissions. The increase is being driven by rising use of electricity in buildings’ operations, and electric power remains carbon-intensive to produce. For this reason, heightening the energy efficiency of buildings’ operations would reduce CO₂ emissions.

We are invested in a real estate developer that is raising the standard for sustainable buildings. The company has received multiple awards, including the highest Green Star rating for eight consecutive years and the top GRESB rating of five stars. Green Star is an internationally recognized sustainability rating developed in Australia for building design, construction and operations. GRESB ratings are based on what investors and the industry have identified as key issues in the sustainability of real-asset investments. Within the overall theme of efficiency, electrification and digitalization, we continue to find exciting business models that help cities build energy-efficient and resilient infrastructure.

“Working with impact investments makes me happy because I can contribute to solving problems for people around the world.”

Chieko Iriyama
Product Strategy Team
Solutions spotlight on Itron

Through its smart technology and grid management services, Itron enables utility companies to efficiently manage water, gas and electricity at scale. Itron provides advanced metering infrastructure, automated meter reading, data analytics, distributed energy management and other advanced grid management, which allow companies and cities to manage and optimize the delivery of water and energy services to communities, as well as to detect leaks and other problems. In addition to managing natural resources on the grid, Itron’s services can help cities respond and restore services after natural disasters. Over 1,000 utilities around the world use Itron’s services.1

References:

4. Ibid. 46.
Because Itron’s diverse set of solutions creates different types of impact, depending on customers’ applications of the technology, the company’s impact is wide-ranging. We believe the best approach to measuring Itron’s annual impact is through the number of endpoints shipped annually. Endpoints are key components in efficient and smart utilities networks, allowing for the optimal management of water, gas and electricity services. Endpoints can provide one-way or two-way communication of timely and critical data. Endpoints are also used for delivery and metrology in the utilities industry.

In addition to tracking the number of endpoints units shipped, many of Itron’s customers report specific improvements to their infrastructure and operations, thanks to Itron’s technology. These include 15.6 metric tons of CO₂ avoided for an electric and gas company, 362 gallons per minute of water leaks found and repaired for another utilities company, 25% reduction in water leakage, 68% decline in electric shock incidents and many other bespoke metrics.²


Our framework for impact: Itron

Target 7.3 — By 2030, double the global rate of improvement in energy efficiency.

Target 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.

**What**

**Strategic goal**
Improve energy efficiency by upgrading technology and infrastructure
- 37.9 million endpoints shipped in 2019\(^1\)

**Who**
8,000 customers in over 100 countries, including 1,000 utility companies\(^2\)

**How much**

**Scale**
37.9 million endpoints shipped in 2019\(^3\)

**Depth**
0% growth YoY on endpoints shipped\(^4\)

---

**Contribution**
Itron’s smart technology platform and grid management capabilities are widely recognized as leading providers of IoT (Internet of Things) connectivity for utilities and smart cities.

**Risk**
Itron uses chemicals in its business operations and that require safety precautions to protect employees and the environment.

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4. Ibid.
The more your company can show its purpose in delivering value to its customers, its employees, and its communities, the better able you will be to compete and deliver long-term, durable profits for shareholders.”

Larry Fink
2021 letter to CEOs
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