

# Our Approach to Impact Measurement & Management

Measuring Progress towards a More Equitable and Sustainable Market

## DOING GOOD AND DOING WELL

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We believe that a thriving and resilient market is built with humanity. It is one in which decisions are made with empathy for all stakeholders, present and future, because it is good business and the right thing to do. It is the future that the next generation of consumers, workers and investors is already demanding.



# Purpose of the report

We set out to develop an Impact Measurement and Management (IMM) framework to assess and accelerate progress towards our impact goals, and to identify potential unintended consequences of our work.

There was no one-size-fits-all solution, so we researched, tested and drew upon several industry tools and examples, as we sought to build a simple, practical and useful framework.

In this report, we share our approach to, and experience with, IMM in an effort to support investors and others embarking on IMM journeys.

## The report is divided into five main sections:

- Introduction to Good & Well – our investment philosophy and approach
  - **Who might find this useful:** investors new to impact investing and ventures interested in working with Good & Well
- **Section 1**  
Our Approach – our approach to IMM using a case study from our portfolio
  - **Who might find this useful:** investors new to IMM or developing and IMM framework and ventures interested in how we support portfolio companies to integrate and improve IMM

- **Section 2 & Section 3**  
IMM Implementation + ESG Management: A 2020 case study – the results of our first attempt to implement our IMM framework

- **Who might find this useful:** investors about to implement IMM or those who wish to learn more about Good & Well

- **Section 4**  
Summary Analysis & Lessons – lessons learned and approaches we tried that didn't work

- **Who might find this useful:** investors and ventures developing an IMM framework and IMM experts

Our **IMM Step by Step Guide**, which details each step of our IMM framework using a case study, is another tool we developed to support investors through each stage of developing their IMM framework.

Good & Well's IMM framework will continue to evolve as we learn and we welcome your feedback.

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# President's Letter



ALEXANDRA BAILLIE

We developed an Impact Measurement and Management (IMM) framework to help us achieve our goal of catalyzing a vibrant, more equitable and sustainable market by investing in inspiring entrepreneurs driving social change.

We hoped the framework would enable us to assess and accelerate progress towards this goal, as well as surface any unintended consequences of our work.

As there is no universally applicable tool, we embarked on a process to develop an IMM framework that captured our business, values and approach. Much like a renovation, it took twice as long, was twice as costly and is still a work in progress. However, the process, particularly of developing a Theory of Change, has helped us to fine-tune our impact goals, as well as the specific actions and outcomes required to achieve those goals.

In this report, we share our approach to IMM, our experience implementing the framework and lessons learned along the way. The report is designed primarily for investors considering or developing an IMM framework. It is our effort to help them complete their renovation on time and within budget.

We also have created an [IMM Step by Step Guide](#), which is the guide we wish we had when we started. It illustrates each step of our IMM framework with a case study on Thesus, a sustainable outdoor footwear brand from our portfolio.

We began implementing our IMM framework in 2020, the results of which form the basis of our discussion on implementation in Sections 2 & 3. Given the context of 2020, the COVID-19 pandemic and the overdue reckoning with systemic racism prompted by the killing of George Floyd, we took a staged approach to IMM implementation. As such, we have not included results for our portfolio companies in this report. Also, the metrics in the report relate primarily to our investment work, as we have not yet developed metrics for our other two focal areas: engaging students and investors in social innovation. We will include these metrics, as well as case studies on portfolio companies in future impact reporting.

## As we continue to learn and iterate our IMM framework, some of our key lessons and questions are as follows:

### ● AGGREGATING PORTFOLIO IMPACT

As a sector-agnostic investor from industry and impact perspectives, we have not found an approach to aggregating our portfolio's impact. We tested an impact index, but found it too difficult to weight different impacts, for example, climate change and women's health. As a result, we evaluate each company's progress towards its specific impact goals and aggregate only ESG measures.

### ● ENSURING UTILITY

Simplicity is at the heart of everything we do. Our approach was to keep our IMM framework resource-light, practical and useful; however, when amalgamating different tools, defining

metrics and measures, and addressing both impact and ESG, the system and resource requirements can quickly balloon. In the development of our system, it has been critical to ask ourselves what each step and measure teaches us, how we will use that information and if the information can be collected more cost-effectively.

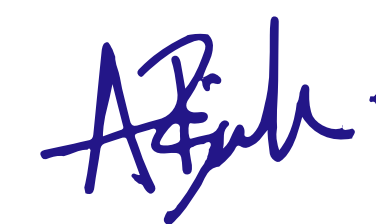
### ● MEASUREMENT VS. ACTION

What is the right balance between IMM and actively building businesses that drive impact? At Good & Well, we have a bias towards action, as there is no impact to measure without a viable business. We rely heavily on intuition in our work and our portfolio companies don't have the resources for precise and rigorous IMM. At the same time, we want to ensure we are achieving our impact goals, as well as avoiding any potential unintended consequences. IMM helps us do that. We hope the right balance for an early stage portfolio will emerge as we test and refine our framework.

G&W has benefited greatly from insights and lessons shared by other investors and family offices, including through the Impact Management Project, as well as from the guidance of industry experts as we developed our IMM framework. In particular, we would like to thank Karim Harji for his great generosity, thoughtfulness and practical approach as he supported us through this process. We would also like to thank our colleague Olga Cruz who has dedicated much of her time to developing and implementing our IMM framework.

We hope this report will be helpful as you develop your IMM framework and we look forward to learning from your experience as we work together to build a vibrant, more equitable and sustainable market.

Wishing you hope and joy,



**ALEXANDRA BAILLIE**  
President



“Every day, the entrepreneurs and the impact they are driving inspire us to bring our humanity to work”

ALEXANDRA BAILLIE

# Introduction to Good & Well

Good & Well (G&W) is a family office and boutique impact investment firm based in Toronto, Canada that invests in and supports inspiring entrepreneurs driving social change.

We believe that a thriving and resilient market is built with humanity. It is one where decisions are made with empathy for all stakeholders, present and future, because it is good business and the right thing to do. It is the future that the next generation of consumers, workers and investors is already demanding.

Our objective is to help catalyse this vibrant, more equitable and sustainable market by harnessing the power of entrepreneurship to drive change.

## We aim to do this by:

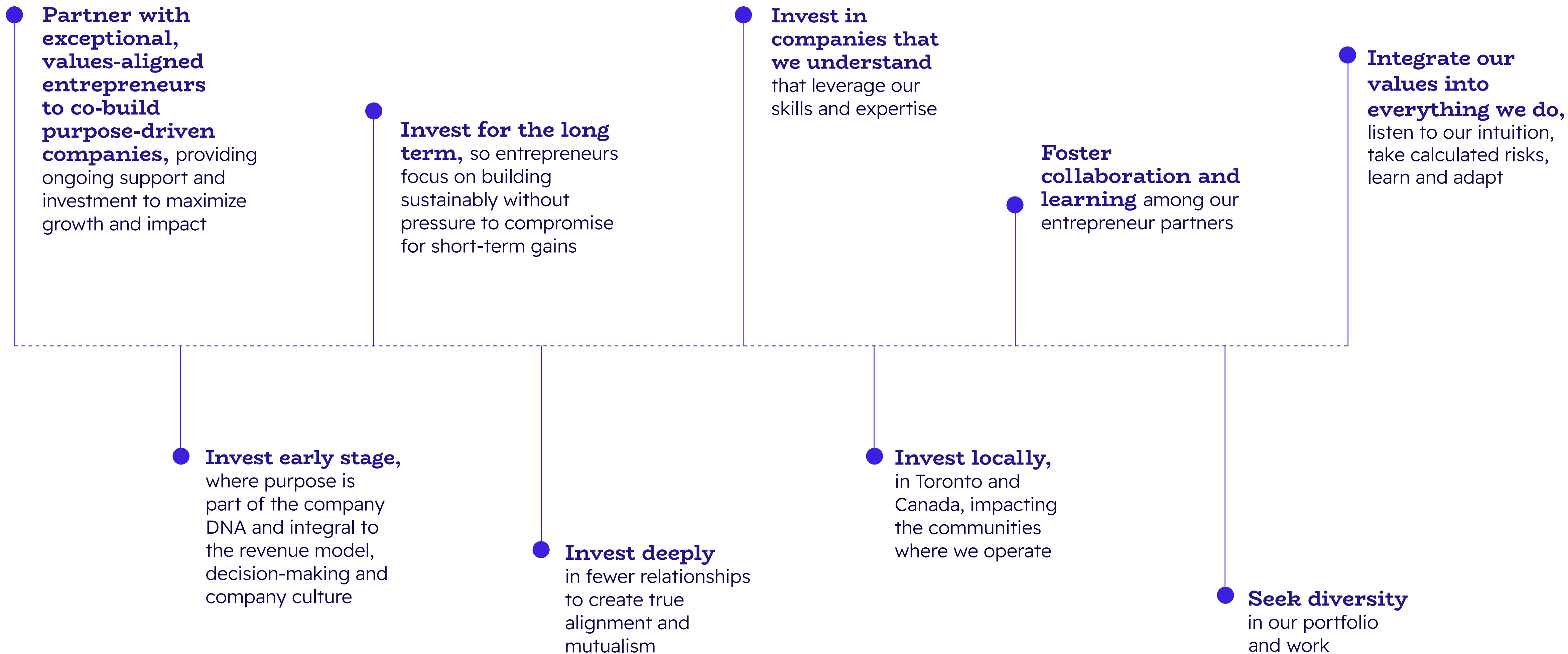
1 Creating a community of businesses that “do good” and “do well”, and inspire others – investors, entrepreneurs, consumers – to join this new economy.

2 Engaging the next generation of leaders in internships and programming that encourage them to bring their humanity to work.

3 Mobilizing other family offices and investors by sharing our experiences and learnings.



## 1. A. Our Investment Approach



## 1. B. Our Investment Themes

We are generalist investors who invest in exceptional entrepreneurs building businesses that “do good” and “do well,” and whose success we believe will inspire others to join in creating a more equitable and sustainable market.

Within this theme, we have three main focal areas to accelerate market building:

<p><b>1</b> Brands and platforms that engage and activate consumers to be powerful forces of change</p>	
<p><b>2</b> Products and services that empower businesses to be more impactful</p>	
<p><b>3</b> Businesses that facilitate impact sector building in Canada</p>	

We also make a limited number of investments to test, learn and support our portfolio and goals.





### We are a small team working actively to support our growing portfolio of companies through:

- Strategic and targeted operational support.
- Impact measurement and management design and implementation.
- Facilitated engagement with our community of like-minded founders.
- Summer internship program.
- Limited shared services.
- Follow-on financing.

In short, we bring our humanity to work and we invest in entrepreneurs who do the same.

## 2. Student Engagement

While we work to establish our evidence base of successful purpose-driven businesses, we aim to inspire the next generation of leaders to bring their humanity to work through student engagement initiatives. These include an annual case competition and the *Good & Well Internship Program* in which we place approximately 20 university students in our portfolio companies each summer, and organize programming to support their personal and professional development. This year, we tested the Good & Wellness Lab to help students develop the tools to support their wellbeing throughout their change-making careers.

## 3. Shared Learnings

We are also committed to sharing our experiences and learnings with other family offices and investors interested in impact investing. This year, we are publishing our Approach to Impact Measurement and Management, along with a [Step-by-Step Guide](#) on how our impact management framework was developed.

Please see [Our Working Theory](#) for more information on the philosophy behind Good & Well.

“Good & Well has always maintained a clear and profound understanding of the opportunities (and challenges) that small and medium-sized purpose-led companies manage day to day. For us, Good & Well has played a key role assisting Goodee in organizing the strategy and execution around our impact management framework.”

BYRON AND DEXTER PEART



SECTION 1

# G&W Approach

Summary of our  
framework and  
methodologies to  
measure impact



# Why & How We Developed our Impact Measurement and Management Framework

## Why we developed our IMM framework

- To assess more accurately whether we were achieving our intended impact
- To strengthen and optimize our impact
- To minimize the likelihood of unintended consequences

Given the scarcity of resources at the early stage of a business, we set out to develop a system that was simple, cost-effective and useful. In many cases, this required choosing directionality over accuracy and precision, and indicators over direct evidence.

## At every step, we asked:

- 1 What are we learning?
- 2 Is this information helpful to building the business and impact?
- 3 If yes, is there a simpler or more cost-effective way to learn this?



Our team researched and tested the available IMM tools and methodologies, and selected the ones we felt were the best fit for early-stage companies, and which offered a workable practical approach (see Section 5 for methodologies we tried, but that didn't work). We believe it is necessary to build global consensus on measuring, managing and reporting on impact. To achieve this goal and develop an effective blueprint for our IMM framework, we drew on those concepts and methodologies applied in The Impact Management Project (IMP) and the Sustainable Development Goals (SDGs). IMP is a collaborative consensus of more than 2,000 organizations that share IMM fundamentals. SDGs comprise the largest IMM call to action in the world. They are practical by design and applicable to any industry and any stage of growth.

Our framework is a work in progress that will continue evolving as we implement it and learn, but we hope that our experience along the way will help others on their impact management journeys.

# G&W Impact Management Framework

We integrate impact considerations throughout the investment lifecycle, from deal origination to exit, to build strong businesses with sustained impact. This report will focus on our IMM work during deal evaluation, onboarding and portfolio management.

## Impact Management Integration into our Investment Process

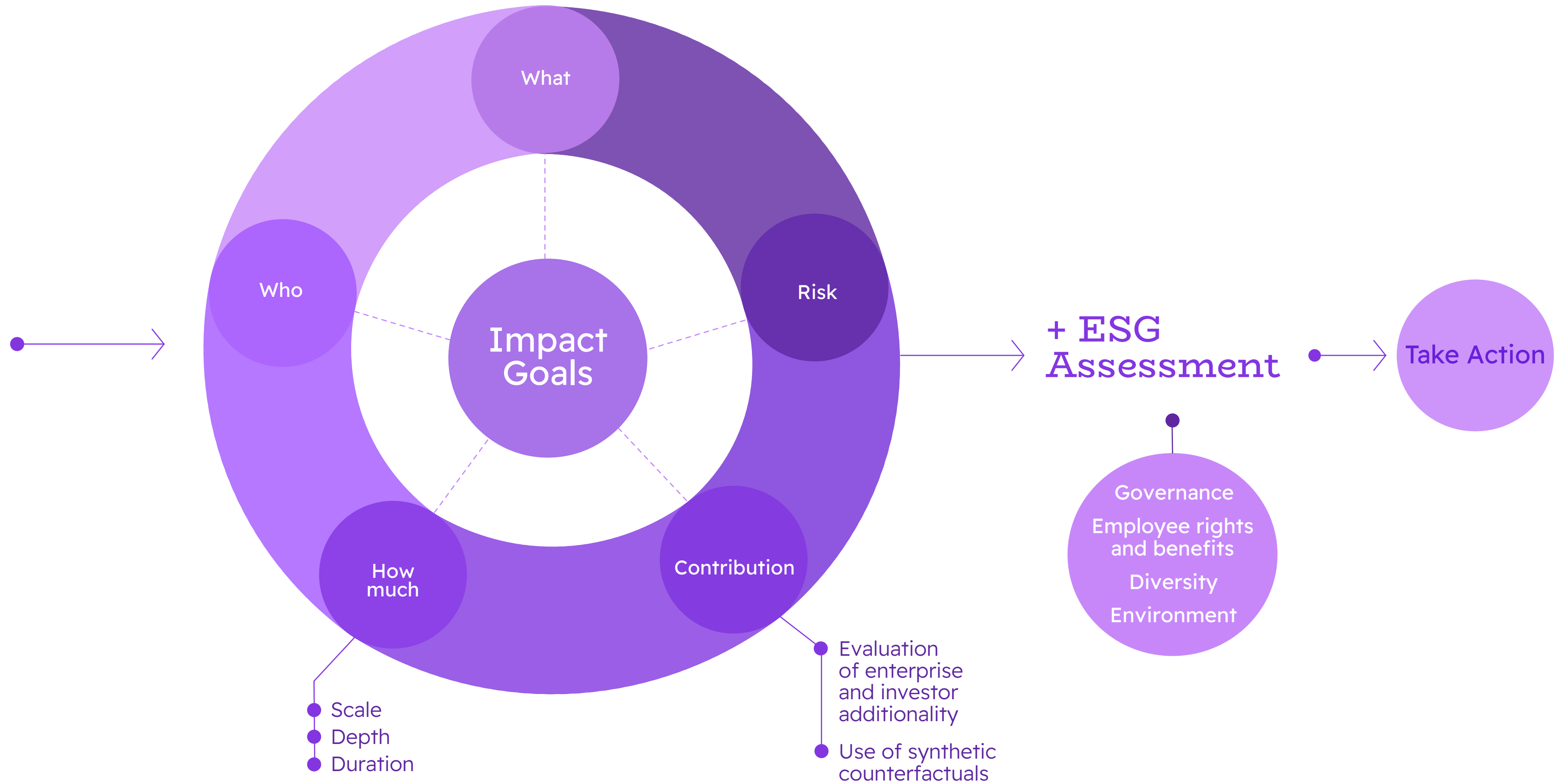




# G&W's IMM Framework

## Assess Impact: IMP & other industry tools

- 1 Clarify and evaluate intended impact - IMP's five dimensions
- 2 Develop Theory of Change (ToC)
- 3 Identify impact metrics
- 4 Monitor & learn
- 5 Adjust practices & set targets



Qualitative and quantitative data

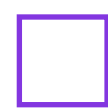
# Portfolio Impact

We work with founders to develop an IMM process for each company following the seven steps outlined in this section. The steps are organized according to the stage in the investment process during which they are undertaken.

## Deal Evaluation with Review During Onboarding

### 1. CLARIFY AND EVALUATE INTENDED IMPACT

We use IMP's five dimensions of impact to understand the company's intended impact, which consists of the ultimate impact goal and the sub-impact goals needed to achieve the ultimate goal. We create an Impact Assessment Map by evaluating the following:



#### What

What is the intended impact or the ultimate goal of the company?

What are 1-3 impact goals or outcomes needed to achieve the ultimate goal?



#### Contribution

How much of a difference will the company's intervention make?

What would occur without it?



#### Who

Who are the intended beneficiaries and how well are their needs currently being served?



#### Risk

What are the risks the impact will not occur or of unintended consequences?\*

\*Evidence risk, External risk, Stakeholder participation risk, Drop-off risk, Efficiency risk, Execution risk, Alignment risk, Endurance risk, Unexpected impact risk



#### How Much

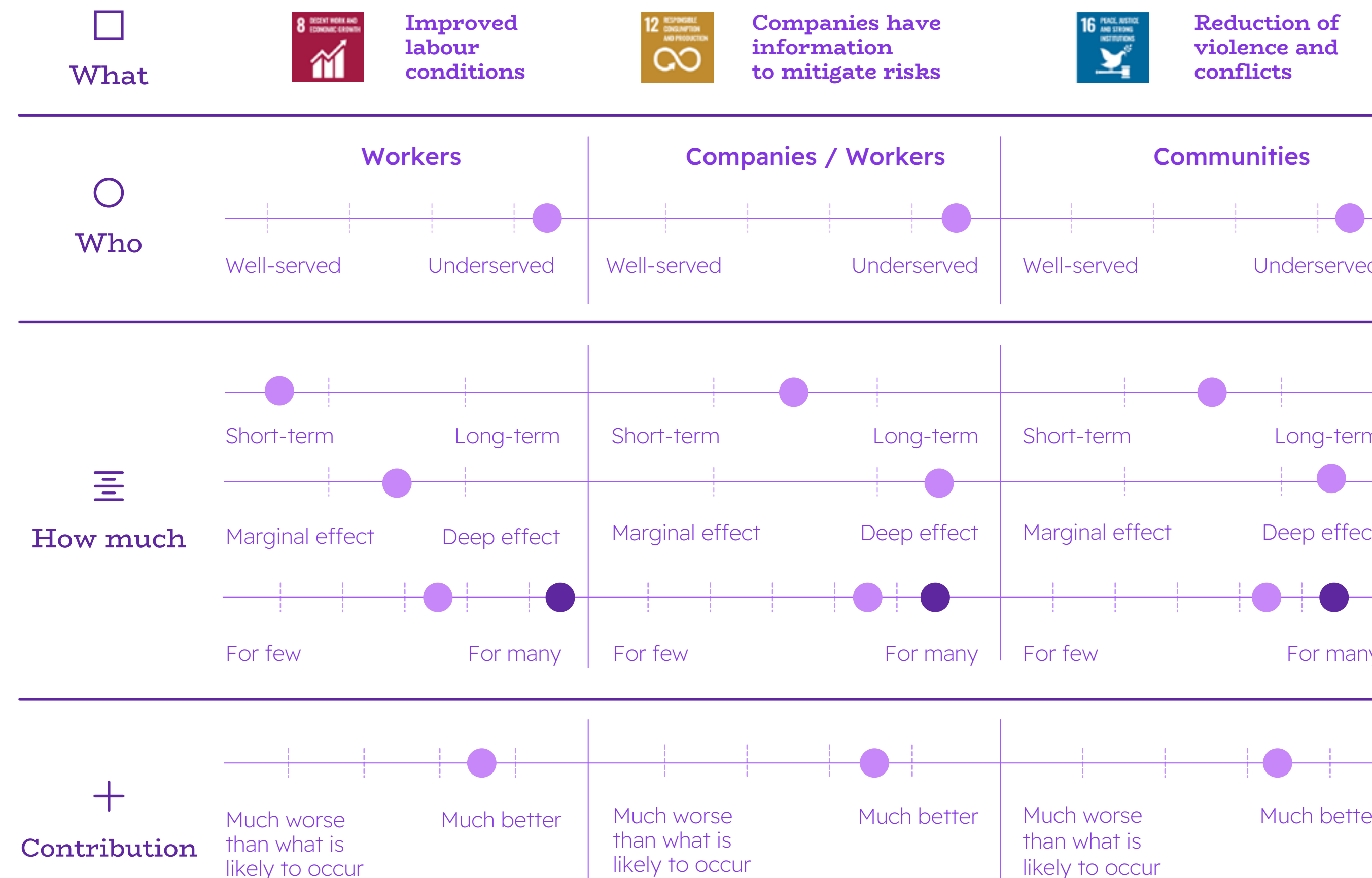
What is the scale, depth and duration of the impact?

We also identify the SDGs that each sub-impact goal supports to understand how the company is contributing to the most widely recognized global development goals.

Diagram 1 contains Ulula’s Impact Assessment Map. Ulula is a company in our portfolio that is tackling modern slavery and promoting worker wellbeing. They provide accessible and anonymous channels for workers to voice their feedback to employers and global brands, so that companies can make informed improvements on working conditions. The Impact Assessment Map helps us confirm that Ulula’s beneficiaries are currently underserved, that the company has the potential to have a meaningful impact on many people and that while the direct impact on individual workers is short-term, the impact on corporate practices and worker and community wellbeing could be potentially significant.

### Diagram 1 | Impact Assessment Map - Ulula

**Ultimate Goal: Global Supply Chains are Free of Modern Slavery and Worker’s Wellbeing Improves**



**Note:** ● The dark purple dot for the scale is related to the potential.



ULULA

Diagram 2 shows us that while Ulula has very little execution risk, one of the key risks to its impact potential is whether companies continue to use the product over time. This helps us focus on mitigating factors such as tools to integrate Ulula into standard business management processes and regions with mandatory human rights due diligence legislation.<sup>1</sup>

We expect the Impact Assessment Maps (IAMs) to be most helpful in the future as we start mapping all the companies in the same grid and discuss the evolution of the impact targets and goals with each company.

<sup>1</sup> Improved workers' labour conditions, external and endurance risk are high because even though Ulula facilitates the data reported by the workers, it is the decision of the company to implement or not the changes that will benefit the workers. Increased regulation such as mandatory human rights due diligence in Europe and higher economic cost of non-compliance such as the withholding of goods imported in the United States and Canada related to forced labour conditions are reinforcing the incentives to take action. For the same reason, the highest impact risks for the three goals are drop-off and endurance risk. The companies working with Ulula might not continue with the service preventing them from accessing real time data. These decisions can be influenced by changes in the organizational structure or by budgetary constraints. The cost of closing community and worker feedback channels also represent an important factor of long-term stickiness. Finally, the last sub-goal, reduction of violence and conflicts, is very difficult to prove. There can be multiple interventions in the same region happening at the same time that limit Ulula's capacity to claim causality.

## Diagram 2 | Ulula's Impact Risks



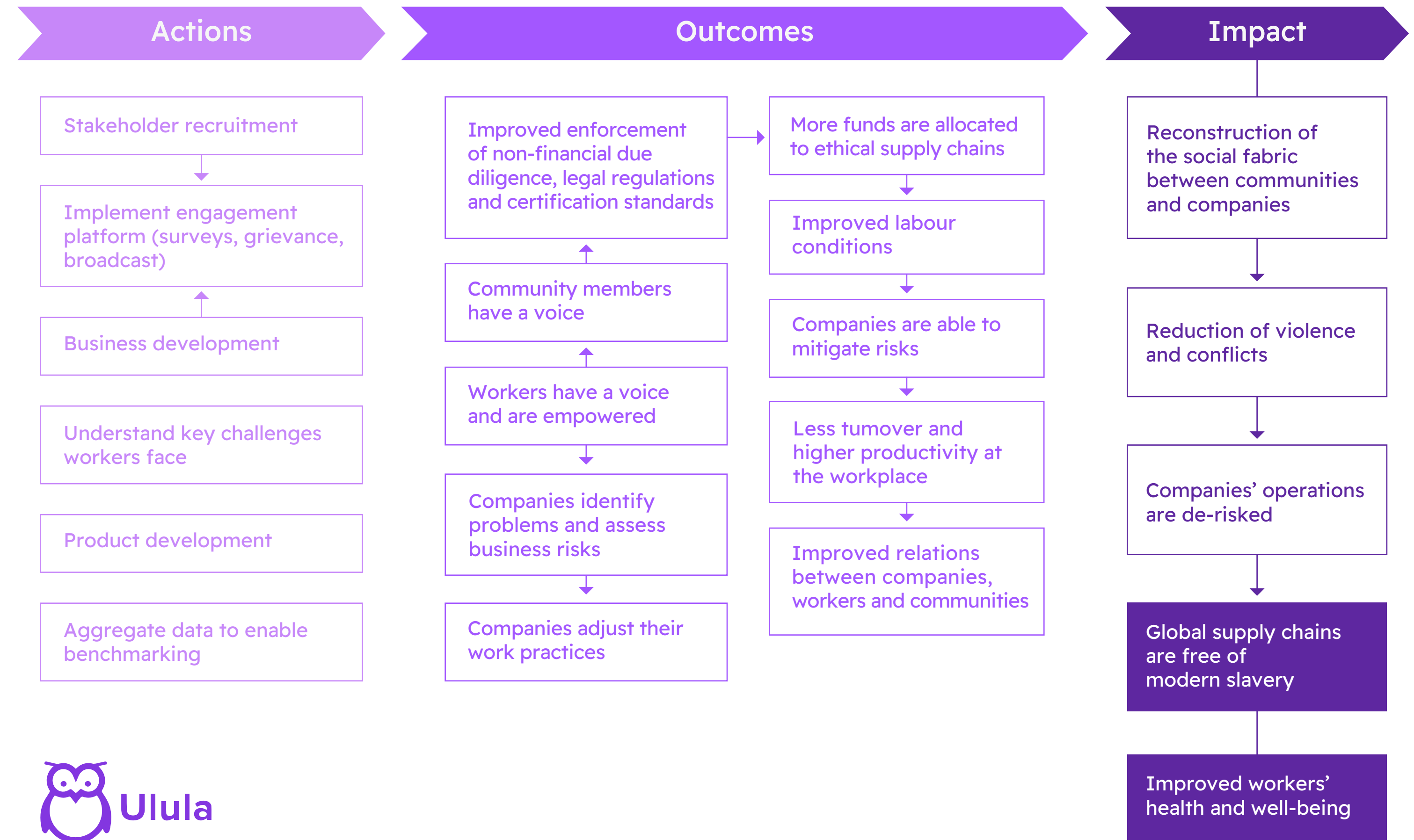
## Onboarding

### 2. DEVELOP A THEORY OF CHANGE (TOC)

ToC is a methodology for planning and evaluating impact. It starts with the ultimate impact goal, then maps backwards the necessary pre-conditions and activities that need to occur to realize the ultimate goal. This process clarifies how and why entrepreneurs plan to achieve impact outcomes and surfaces their underlying assumptions. Assumptions can then be tested and progress tracked.

The following diagram explains how Ulula is planning to achieve its ultimate goal of combating modern slavery and improving worker wellbeing by deploying its technology:

### Ulula's Theory of Change



## Ulula's 2020 Impact Metrics

Outcome	Metrics	Data Collection Method	Use
Community members and workers have a voice + Improved labour conditions	<ul style="list-style-type: none"> <li>○ # Active people in the system</li> <li>○ # New people reached</li> <li>○ Data points collected</li> <li>○ ▲ In worker and community reported "satisfaction"</li> </ul>	<ul style="list-style-type: none"> <li>○ Database length</li> <li>○ Surveys</li> </ul>	<ul style="list-style-type: none"> <li>○ Retention of clients and new engagements</li> <li>○ Product improvement</li> </ul>
Companies have information to mitigate risk + Improved enforcement of social licences across industries	<ul style="list-style-type: none"> <li>○ # Companies served</li> <li>○ # Countries covered</li> <li>○ # Industries covered</li> </ul>	Self-reported	<ul style="list-style-type: none"> <li>○ Customer support / product improvement</li> <li>○ Business development</li> </ul>



## 3. IDENTIFY IMPACT METRICS

Based on the ToC, we select 1-2 metrics for each impact goal, using existing impact metrics (e.g. IRIS) and indices (e.g. Poverty Probability Index) where applicable, or creating our own. As discussed, given the early stage of our investments, we look for metrics with readily available data or requiring simple data collection and, in some cases, rely on proxy measures or postpone the implementation of a metric until better data are available, for example, post-ERP implementation. In each case, we ask, what are we learning from the metric and whether it helps us to advance the business and its impact? See metrics for each portfolio company in [Section 5](#).

Ulula's metrics are listed in the table to the left. The number of active people in the system, for example, tells us how many workers and community members have a voice, while the change in worker and community reported satisfaction tells us whether conditions are improving.

## Portfolio Management

### 4. MONITOR & LEARN

We plan to collect data on the impact metrics every six months<sup>2</sup> using an Impact Dashboard (see our [IMM Step by Step Guide](#) for more details). We include an impact reporting requirement in our deal documents to set expectations up front. We will then review progress and learnings with entrepreneurs, always assessing the utility of the data we are collecting to optimize resource allocation.

### 5. ADJUST PRACTICES & SET TARGETS

After the first year or two of baseline data, we will work with entrepreneurs to set targets associated with each metric in order to evaluate progress. Together, we will review the Impact Assessment Map, ToC, metrics and targets annually, integrating learnings into the IMM process (i.e. assumptions, actions, metrics, targets) and related business practices.

<sup>2</sup> Unless a metric is related to behavioural changes or changes in poverty levels.

### 6. ESG ASSESSMENT & MONITORING

Approximately one year following investment, we conduct a simple ESG survey with each portfolio company to ensure businesses are operating according to responsible practices, evaluate ESG risk and identify unintended consequences of our work. We are in the process of reviewing our tools and methodologies to evaluate ESG performance at the corporate level and across the supply chain. Going forward, we will develop a maturation model that will help us compare the companies to each other and evaluate the portfolios as a whole, based on the stage and size of each businesses. We will work with our partner founders to address gap areas within their resource constraints.

Given how early we invest, we prioritized assessing intended impact during deal evaluation; however, we do explore commitment to responsible practices during due diligence and include an ESG clause in relevant deal documents. ESG surveys are conducted every two years following the first survey. Details on our ESG Assessment & Monitoring can be found in our [IMM Step by Step Guide](#).

### 7. SET UP AN IMM ACTION PLAN

Based on the insights and learnings, we create a simple action plan, assign who is responsible for each activity and define a timeline for each action.

## Aggregating Portfolio Impact

As a sector-agnostic investor with regard to industry and impact, we use customized impact metrics for each investment. Therefore, aggregating our portfolio impact is challenging. We currently aggregate the impact of the portfolio based on the A,B,C<sup>3</sup> classification that IMP proposes, as well as the SDGs to assess how focused our portfolio is on impact and how it is contributing to the SDGs. A description of the A,B,C classification can be found in our [IMM Step by Step Guide](#), while the aggregation results are in [Section 2](#).

<sup>3</sup> **A:** Act to Avoid Harm; **B:** Benefit Stakeholders; **C:** Contribute to Solution.



## G&W IMPACT

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We follow the steps above to define, measure and manage Good & Well's impact, which is predominantly, but goes beyond, our portfolio impact. We assess ESG risks using the Corporate and Fund Management surveys. We are also a certified B Corp, which we hope will enable us to benchmark our ESG practices against those of other companies in our industry.



SECTION 2

# IMM Implementation

A 2020 Case Study



# Clarifying & Evaluating Intended Impact

Good & Well's ultimate impact goal is to catalyse a vibrant, more equitable and sustainable market. We will achieve this through the following sub-goals:

## 1

**Create successful examples of purpose-driven companies with high growth and impact to:**

- Mobilize investors, entrepreneurs, and businesses to build a more equitable and sustainable economy
- Inspire and engage consumers to be powerful forces of change

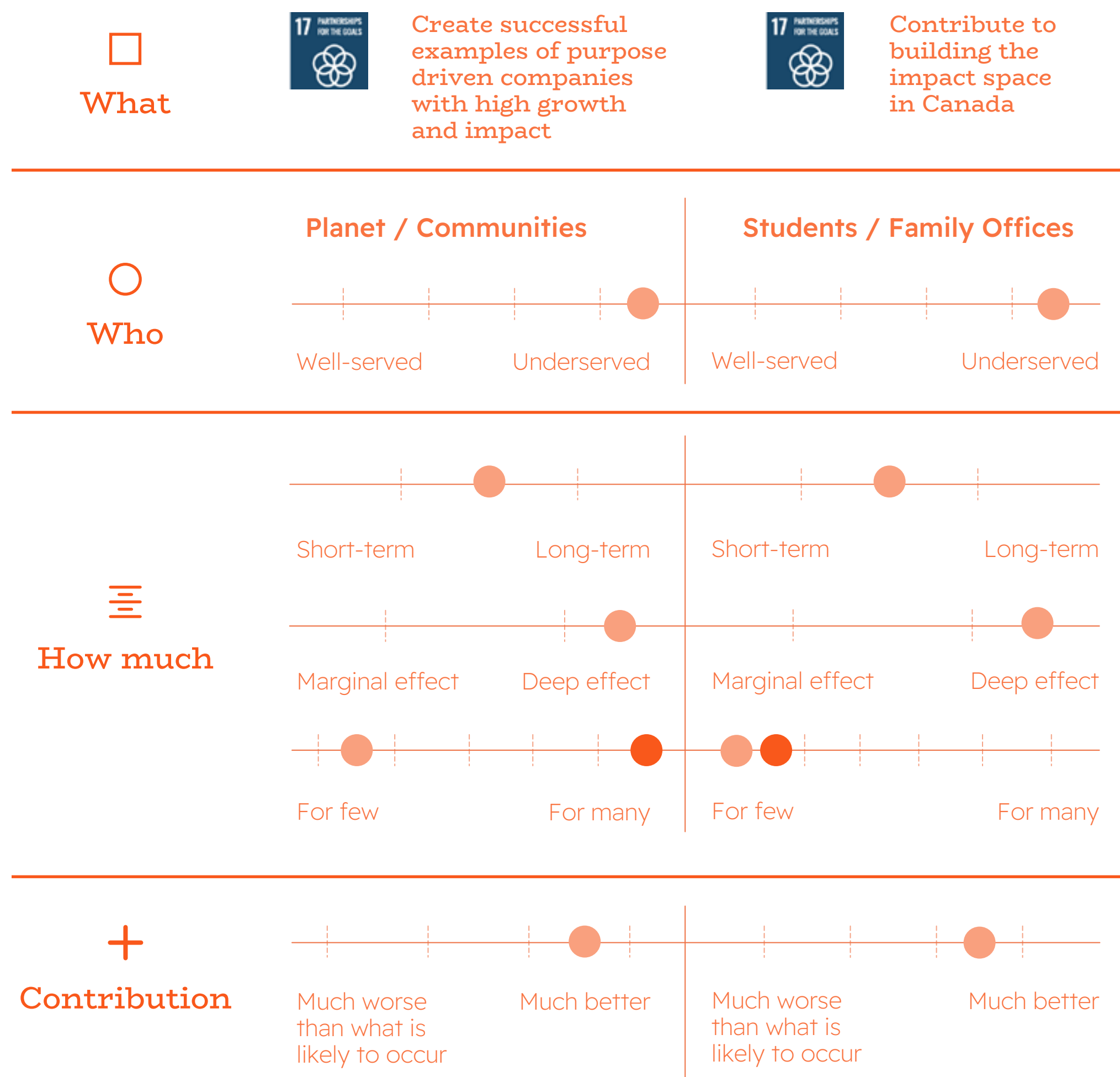
## 2

**Contribute to building the impact space in Canada by:**

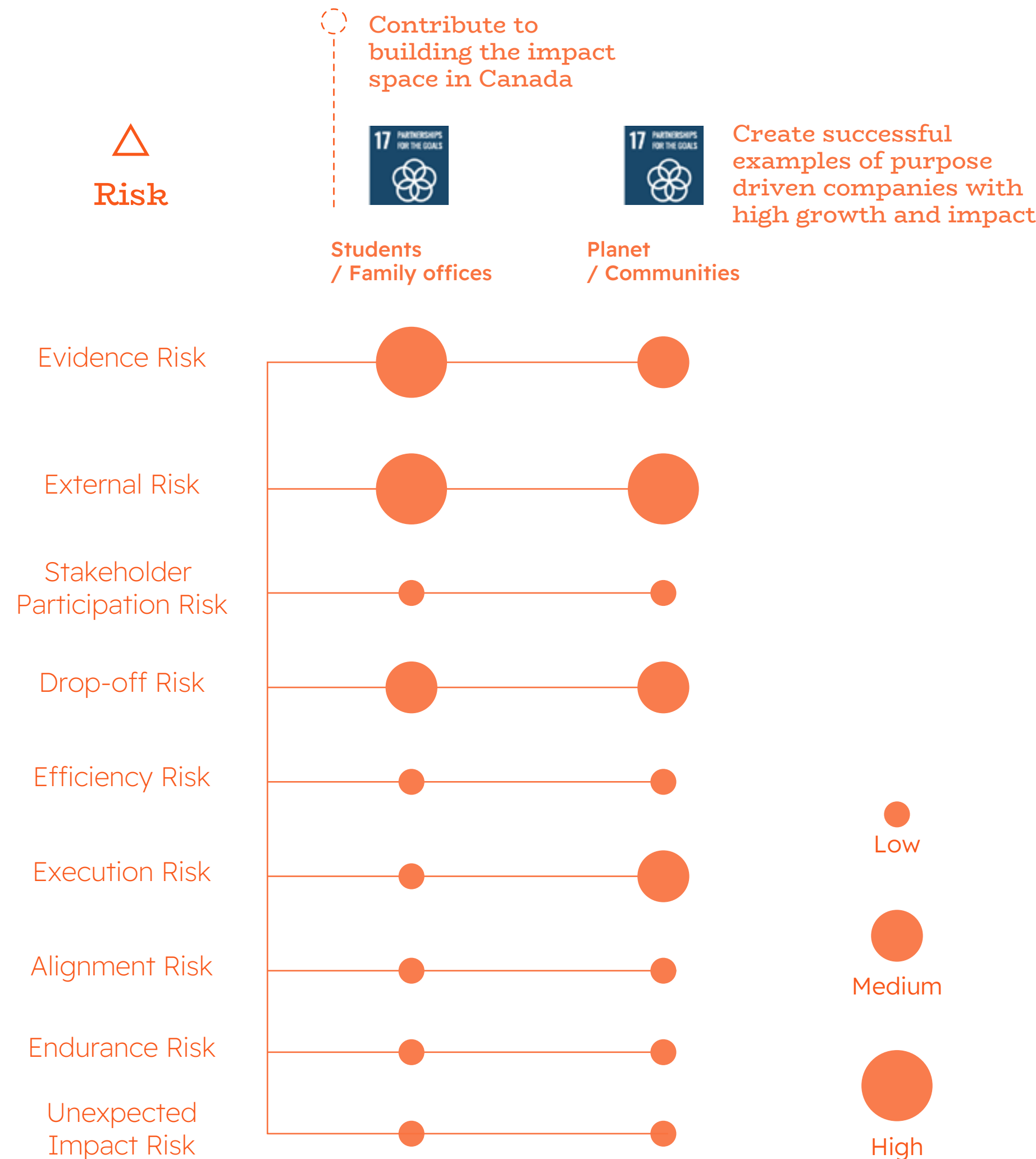
- Empowering the next generation of purposeful leaders
- Sharing learnings with other investors

G&W's Impact Assessment Map (see Diagram 3) reviews the impact of our sub-goals according to IMP's five impact dimensions. It confirms that our beneficiaries are underserved and that while our current work is likely to have a deep impact on a limited number of companies, students and family offices, we have the potential to have an impact on many more in the longer term.

### Diagram 3 | G&W - Impact Assessment Map



Note: ● The bright orange dot for the scale is related to the potential.



The Impact Assessment Map also highlights the importance of partnering with exceptional entrepreneurs and providing high-quality support to minimize execution risk, drop-off risk (the probability that positive impact does not endure) and external risk given we concentrate resources on a small number of businesses. We also operate in a diversity of sectors and believe businesses that prioritize ethics and sustainability are less susceptible to external shocks. Our work to develop an effective impact measurement framework helps to mitigate evidence risk and while we acknowledge that early stage investing is inherently risky, we see this as part of our role as impact investors seeking to help catalyse a market.

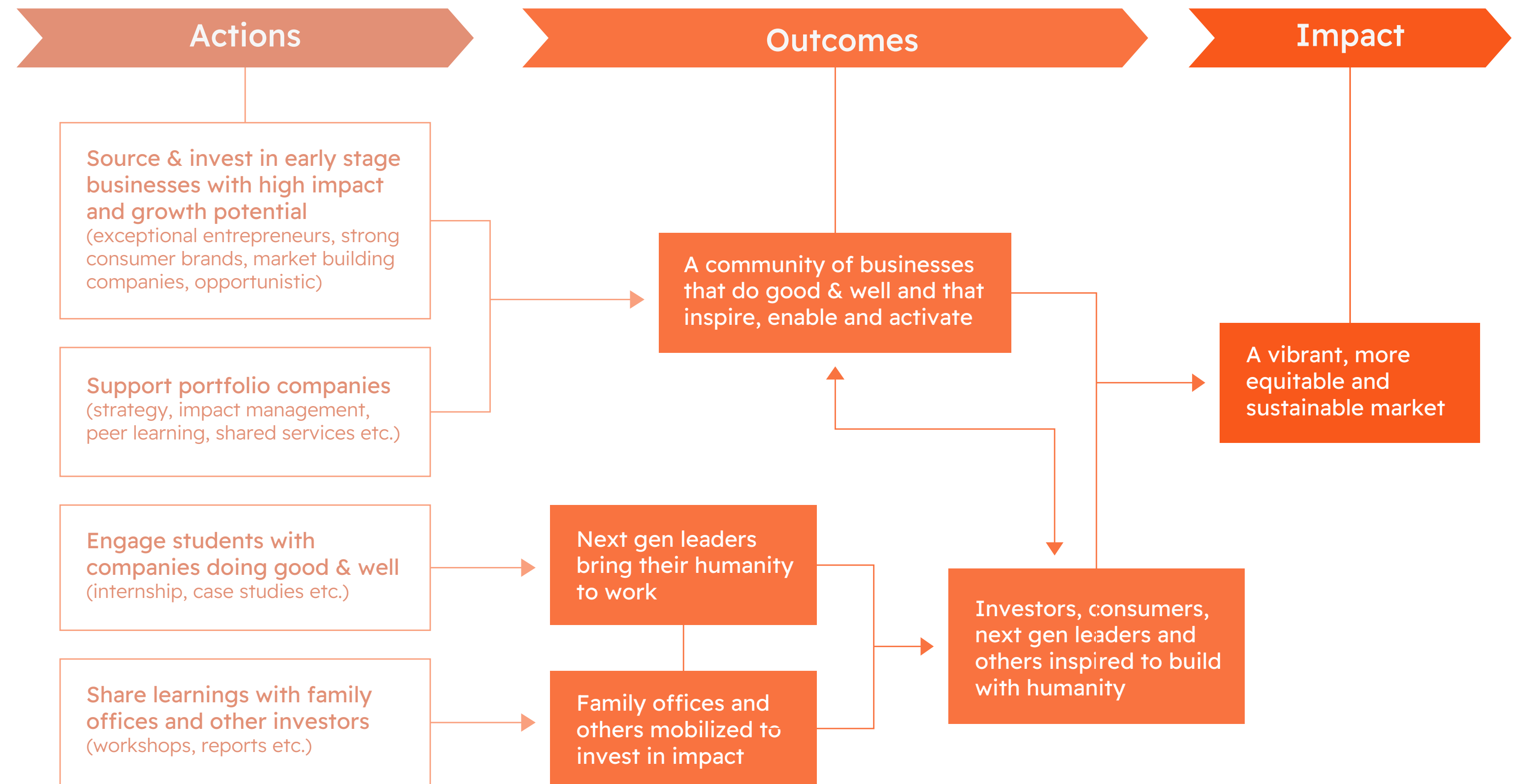
Our Impact Assessment Map creates a baseline against which we can review our impact and associated risks over time, and helps inform our strategic and annual planning.



# Theory of Change

Good & Well's Theory of Change explains the rationale and intentionality of our strategy. It makes explicit our thinking and assumptions but it is constantly evolving based on our learning.

This is the simplified version. A detailed one can be found in the [Appendix](#).



Our primary activity is investing in inspiring entrepreneurs driving social change through business. We do this by taking a co-building approach. We seek partners for whom our skills and resources will have a meaningful impact and we invest the majority of our time, energy and resources into supporting them. We believe this approach will lead to successful and impactful companies that can inspire others to join together in building a vibrant, more equitable and sustainable market.

The balance of our time is devoted to sector building. Our primary focus is the [G&W Summer Internship Program](#), which we developed in 2018 to empower the next generation of purposeful leaders. We seek to encourage young professionals to bring their humanity to work by demonstrating that values, such as honesty, fairness, compassion, resourcefulness and accountability, are critical business values. We do this through work placements in our portfolio companies, personal and professional development and exposure to inspiring industry leaders. We hope they will carry their learnings with them throughout their careers, driving change across industries.

We also seek to inspire investors, family offices and others to invest in impact by sharing our experience and learnings, even if unvarnished (as evidenced by this report), as well as to continuously learn and improve our practices in order to maximize our impact.

Key assumptions in our Theory of Change include:

- A market built with humanity and centred around impactful companies will be more equitable and sustainable.
- G&W's team has the skills and network to catalyse the growth of early-stage companies.
- Most people want to engage in purposeful work. People will be inspired to do so when they see examples of successful companies that do good and well.
- The best way to leverage our skills and resources for impact is through a co-build model, concentrating resources on fewer businesses.
- We can influence students through four-month internships.

We will review these assumptions as we review progress towards our impact objectives.

# Identifying Impact Metrics & Monitoring and Learning

To measure our progress towards our impact goals we use four output and outcome metrics. The following are the results for 2020:

G&W's 2020 Impact Metrics

	Time allocation	Metrics	2020
<b>Goal 1</b> Create successful examples of purpose-driven companies with high growth and impact		Average growth rate of top 50% of portfolio companies	1,127%
		Aggregated # of new users	B2C=84,820 B2B=150*
		Average rating portfolio support	9.07/ 10

\* Does not include investors in investment funds.  
 Note: Goal 2 metrics are in development.

## GOAL 1

### PORTFOLIO GROWTH

In 2020, the top 50% of portfolio companies experienced year-over-year growth above market rates, growing revenue at an average rate of 1,127%. While this demonstrates strong progress towards our goal, we plan to rethink this metric, considering the weighting and composition of companies that will be most indicative of progress. Revenue growth in very early-stage companies, for example, can skew results. Additionally, given COVID-19's acceleration of ecommerce, which comprises the bulk of our portfolio, this year may not provide a representative benchmark for growth.

### G&W SUPPORT

Portfolio companies rated G&W's support in 2020 at 9.07/10, highlighting one-on-one

meetings, negotiations advice, and IMM as the most valuable types of support. They also placed significant value on the relationships they have built with other G&W entrepreneurs.

Our survey helped us identify areas, such as wellness and connection among founders, to expand our support in the future. We plan to augment this data with in-depth interviews with a sample of entrepreneurs to gain deeper insights into how we can strengthen our portfolio support.

### CAPACITY OF THE PORTFOLIO TO ACQUIRE NEW CUSTOMERS/USERS

In 2020, portfolio companies in aggregate acquired 84,820 new B2C customers and 150 new B2B customers. This metric is intended to represent growth and influence. We will review this metric as using average growth in customers/users may help mitigate the risk of a small number of companies driving results.

## GOAL 2

We dedicate approximately 20% of our time to testing different initiatives that contribute to the impact space in Canada. We plan to expand and strengthen the most promising initiatives and, based on those initiatives, to develop impact metrics for this goal.

In 2020 we undertook the following initiatives:

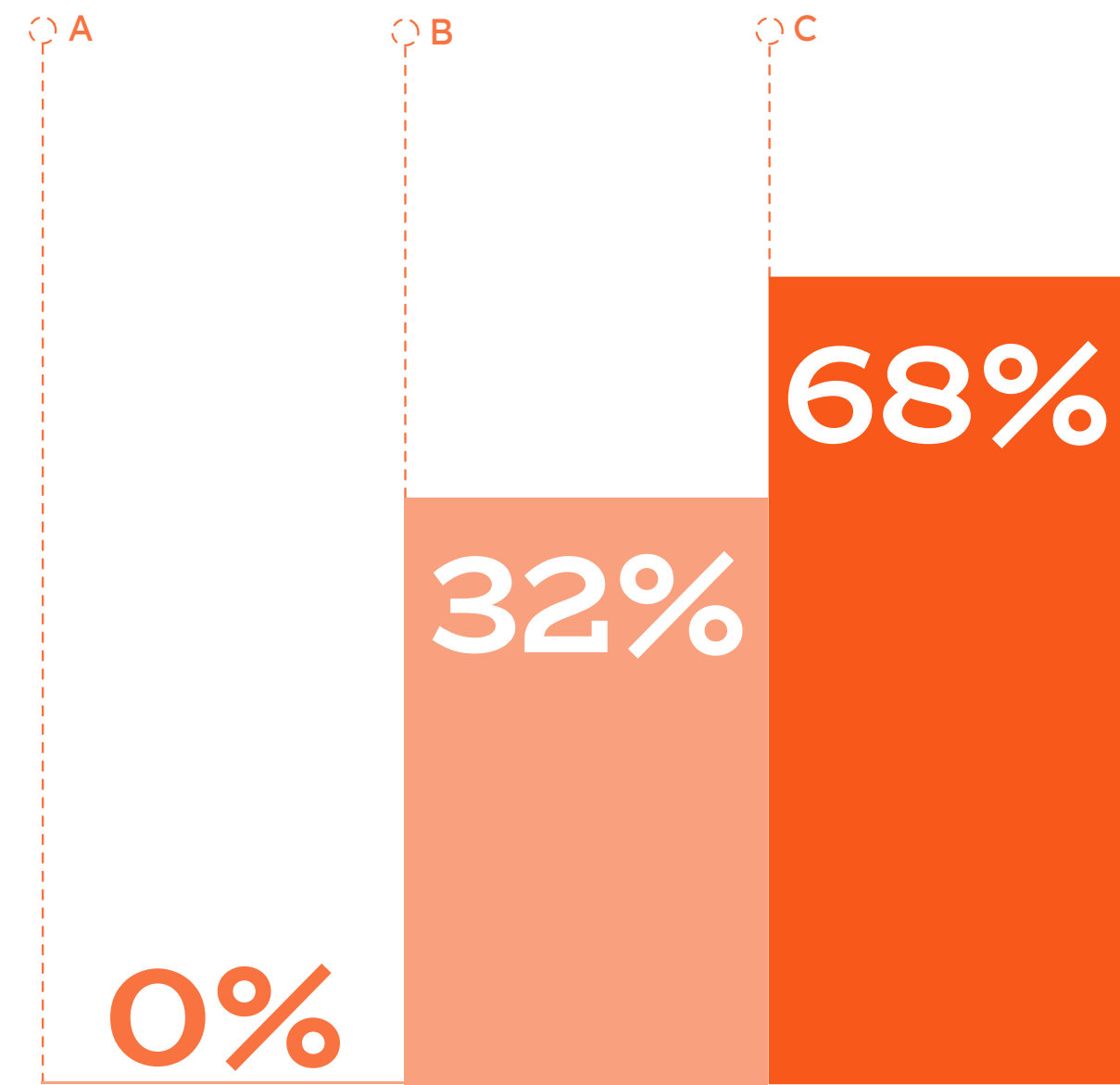
- The G&W Internship Program, which placed 16 students in portfolio companies, encouraging them to bring their humanity to whatever careers they choose.
- An impact case competition in partnership with Patagonia, which engaged 50 students from 15 universities. Our objective was to reach a broader audience than the internship.
- A workshop we co-hosted for family offices interested in impact investing, industry events and meetings to exchange learnings.



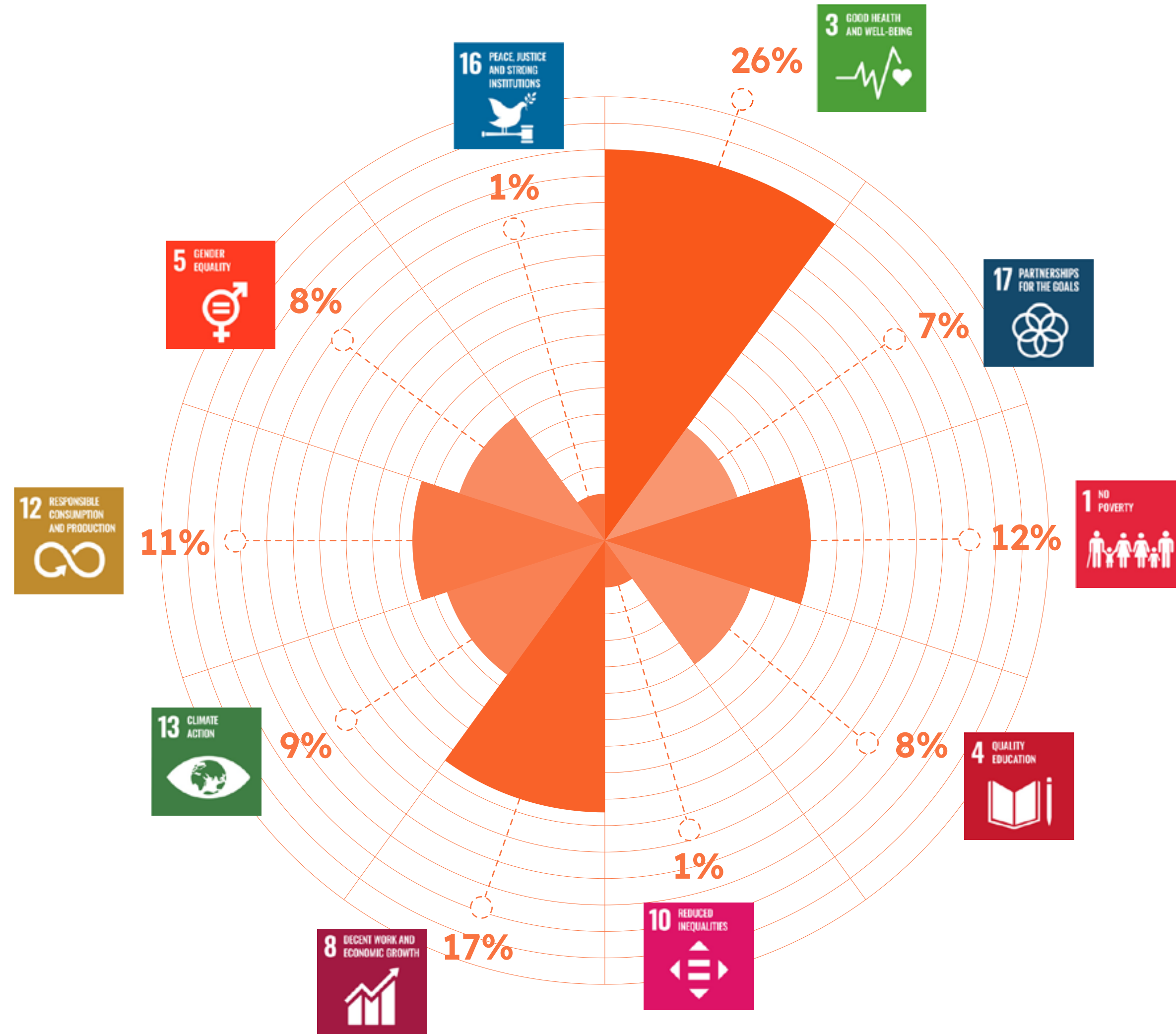
# Aggregating the Impact of our Portfolio

The following diagrams represent G&W's portfolio according to IMP's A,B,C<sup>4</sup> classification and the SDG goals:

## G&W Portfolio by IMP's A, B, C, Impact Classification



## G&W Portfolio by SDG



<sup>4</sup> A: Act to Avoid Harm; B: Benefit Stakeholders; C: Contribute to Solution.



EVERIST

All companies in the G&W portfolio are creating impactful solutions instead of only avoiding harm. However, some companies such as Thesus, Encircled and Fresh City Farms that are serving the environment through better packaging, materials and supply chains, are targeting better-served customers who may not have multiple ethical or sustainable options, but can easily satisfy their practical needs. We distributed the impact of such companies as 50% B and 50% C, which results in 68% of G&W's AUM allocated towards the highest-impact classification. This approach, however, highlights the challenges of comparing impact on different beneficiaries, making it difficult to draw insights from the analysis. For more information on how we classify customers between well-served and underserved please review our [IMM Step-by-Step Guide](#).

The main SDGs in the portfolio are #3 Improving Good Health and Well-being (26%), followed

by SDG #8, Decent Work and Economic Growth. Within SDG #3, the impact varies widely among companies. For example, Lucky Iron Fish is improving iron deficiency, while Fresh City Farms provides access to fresh, organic and local food; at the same time Everist is reducing toxic ingredients and plastics in personal care products. The focus on SDG #8 reflects the number of investees who are working to improve transparency and working conditions in supply chains.

This aggregation has not led to insights that have influenced our strategy, the strategy of our investees, or helped to inform our practices. Therefore, we will explore other ways of aggregating our impact in future or focus aggregation on ESG results only. As previously noted, we have not been able, or found it helpful, to measure portfolio impact using a common set of impact metrics given the breadth of impact goals and metrics across our portfolio.



“The Theory of Change we developed with the G&W team is one of the most important strategic documents at Kotn. There are so many opportunities and pathways we can take for the growth of the business and its impact, and we always go back to our ToC to review and evaluate a new initiative’s contribution to our broader vision.”

RAMI HELALI

SECTION 3

# +ESG Management

A 2020 Case Study



FRESH CITY FARMS

# G&W's ESG Assessment

Currently, we use a Corporate ESG Assessment that encompasses Governance, Employee Rights and Benefits, Diversity, and Environment.

It is completed by the Finance & Administrative Officer at Good & Well and by each portfolio company. The results enable us to identify gaps and measure progress towards ESG goals. They also help us to prioritize portfolio support and create an open dialogue around best practice.

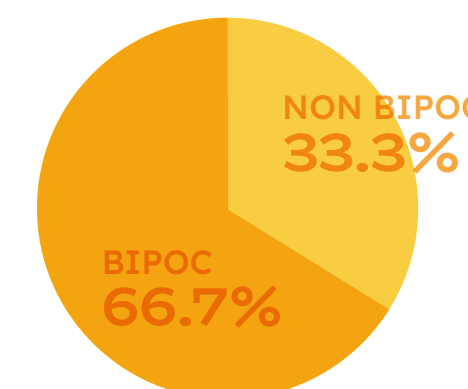
We have fairly strong ESG practices for an organization of our size. Based on the B Impact Assessment, Good & Well earned a score of 116.5 out of 250. The median score for ordinary businesses that complete the assessment is currently 50.9 and a score of 80 is required to qualify for B Corp Certification.

Our ESG survey and B Impact Assessment helped us identify simple and achievable opportunities for improvement, such as the development of an anonymous grievance mechanism, a system to capture feedback from G&W founders and a methodology to screen providers for negative practices not just positive ones.

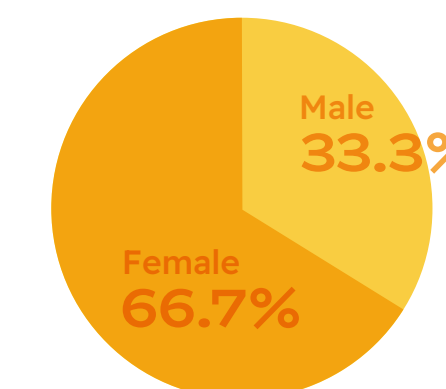
## DIVERSITY

We have committed to creating an ecosystem that promotes values of diversity, equity and inclusion (DEI). We recognize that there is much to be done and have prioritized learning about best practices for advancing DEI in both our team and portfolio. We completed an anonymized self-identification survey to understand how the composition of our team compares to Canadian benchmarks. The 2020 results for the team are illustrated here. In 2021 we expanded the survey to our founders and interns and in a future report we will share baseline results.

**% IDENTIFYING AS BIPOC - TEAM**



**GENDER IDENTITY - TEAM**



# Portfolio ESG Assessment

## CORPORATE ESG SURVEY

In general, Good & Well portfolio companies performed best in the Diversity category, followed by Environment, Governance and Employee Rights and Benefits. As expected, earlier stage companies had lower scores in the areas of governance and employee rights and benefits than more advanced companies, as they have fewer systems and processes in place given limited need and resources. On average, B Corp companies scored better than non-B Corp companies because of the awareness that the certification provides about HR and governance policies. No areas of significant concern were identified.

Opportunities for improvement were primarily around formalizing HR practices, making it a natural focal area for G&W's portfolio support in future. We will also exchange with

our investees learnings around diversity, equity, inclusion and belonging as we develop and implement our strategy.

Our ESG survey highlights that while the intent to employ ethical and responsible practices is consistent across portfolio companies, formal policies and procedures, and in some cases practices, are not always in place. This reflects the difficulty of assessing companies at different stages of development against the same criteria. A company with one to two staff who are also founders, for example, will not prioritize an employee satisfaction survey. We are in the process of developing a maturation model that will consider the company's stage, size and business model to determine ESG expectations over time and ensure companies are prioritizing the most critical actions.



POWERED BY PEOPLE

## SUPPLY CHAIN SURVEY

The Supply Chain Survey was not deployed in 2020 - 2021, as suppliers were focused on adapting their protocols to keep their workers safe during the pandemic, which limited their responsiveness. However, we note that our founders have strong relationships with their suppliers from Tier I to Tier III, and analyse their ethics and practices, and, in many cases, conduct in-person site visits to the factories prior to working with them.

## FUND MANAGER SURVEY

The Fund Manager Survey was deployed to help us assess one of the funds in which we invest. The assessment demonstrated that impact drives decisions throughout the investment process and is integral to the success of the fund. There are optimal levels of oversight of the organization and the fund manager considers the social and environmental impact of its investees. The assessment also helped us identify potential areas to build on the strong ESG foundation.



FRESH CITY FARMS

SECTION 4

# Summary Analysis & Lessons





Developing our IMM framework has caused us to question why and how we do things



Developing our Theory of Change, in particular, helped us refine our actions and resource allocation, for example, focusing on what we mean by contributing to building the impact space in Canada. The ESG Assessment surfaced areas for improvement as we seek to build our business on ethical and sustainable practices and minimize any unintended consequences of our work.

The results presented above demonstrate that there is plenty of room to improve our IMM framework, as well as to optimize our practices, but that directionally we are moving towards our impact goals. As a first step towards strengthening our framework, practices and impact, we have developed an [IMM Action Plan](#), which includes improvements to be implemented immediately, as well as longer-term initiatives informed by our learnings to date.

As we develop our IMM framework, one of the greatest questions is the right balance between allocating resources towards rigorous impact measurement to optimize our work and taking action. Our bias is towards action and our goal has been to develop a simple and lean system appropriate for early-stage companies. However, developing and implementing the system has required a great deal of time and commitment, particularly from our team. We aim to streamline our IMM framework as we continue to learn which aspects of it are the most helpful, and we hope that our experience will help others expedite their own IMM work.

Some of the key learnings to date from our process include:

- IMM frameworks are not one-size-fits-all and need to be tailored to company-specific circumstances.
- Aggregation of portfolio impact may not be feasible for funds investing in a range of sectors, although ESG assessments provide an opportunity for aggregation around standard measures. Disaggregated impact measurement, however, helps us track progress and support portfolio companies to achieve their impact goals.
- Metrics are only valuable if they can be measured, demonstrate progress towards goals and inform decision-making. Always ask, “What are we learning from this metric?” The right metrics are hard to choose and will likely evolve over time.

- Keep it simple and achievable given the resources at hand. At the early stage, prioritize simple measures that show directionality over complex, accurate measures. This often means relying on proxy measures. More rigorous measures can be integrated as companies grow and have more resources.
- Always ask, “Why are we doing this?” How are G&W’s team and the founders using this information?

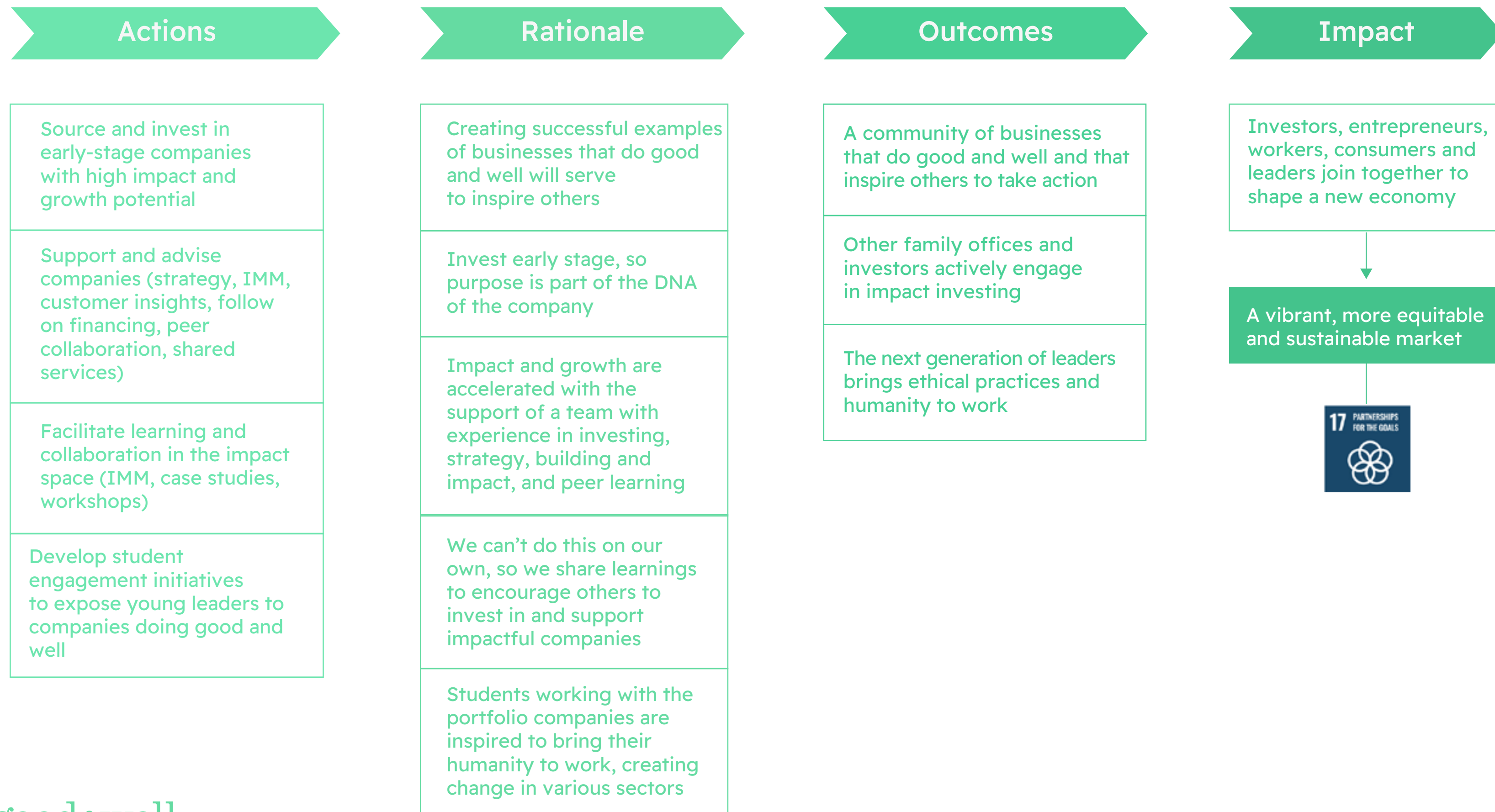
Please also see things we tried when developing our IMM framework, but that did not work in Section 5.

SECTION 5

# Appendix



# G&W's Detailed Theory of Change



# Things We Tried that Didn't Work

This framework has evolved over time. We have changed not only what we do, but how and when we do it. Here are some of the things that we have tried and have not worked for us:

## 1 | DEVELOP THEORIES OF CHANGE AND IMP MAPS DURING THE DUE DILIGENCE PROCESS

This is time-consuming for the entrepreneur and the deal team. Unless we think the entrepreneur hasn't been able to articulate the impact logic, we only create ToCs during the onboarding process. The deal team only creates a draft of the IMP map during due diligence and confirms it with the entrepreneur during onboarding.

## 2 | USE AN EFFICIENT IMPACT-FINANCIAL FRONTIER TO COMPARE THE PORTFOLIO COMPANIES

Inspired by the efficient impact frontier developed by Root Capital, we tried creating our own. Through the development of a scoring system for the five impact dimensions, and the different risks, based on the Impact Management Project, we tried plotting the impact, financial returns and risk for each company on the same graph. After several attempts to adjust the scoring, we realized it is almost impossible to get a single number to evaluate a company

that does not feel arbitrary. One of the main challenges was that the companies have more than one impact goal, but not each goal has the same relevance, which required us to create weighted averages. This type of tool might work for impact investors who have targeted homogeneous goals across the portfolio.

## 3 | COLLECT FEEDBACK INSTEAD OF INSIGHTS FROM THE USERS

At G&W, we believe that there is a significant difference between the feedback provided by a user, usually through a survey or a focus group, and the insights that you can get after conducting an in-depth interview or after using observation mechanisms such as shadowing. To date, our team and our investees have been gathering feedback through surveys, which has presented limitations as to the utility of the information gathered. We have created a toolkit with best practices to capture user insights from Frog and the Board of Innovation, which we are implementing ourselves and sharing with entrepreneurs to augment feedback with deeper user insights.



## 4 EMPLOY TOO EARLY, PRECISE AND HIGHLY COMPARABLE ENVIRONMENTAL MEASUREMENT TOOLS THAT ARE DESIGNED FOR LATER STAGE COMPANIES

We thought that for those companies that sell products and have more complex supply chains we could measure three key indicators: water saved, emissions avoided and energy saved. This process required conducting lifecycle assessment (LCA) analyses that compare supply chains to benchmarks, enabling companies to communicate how they compare to industry standards. The process was too costly for earlier stage companies, while for others, the value of the data was not worth the cost from internal learning or customer engagement perspectives. Given that the main objectives of the metrics were to assess risk and guide companies to improve the impact of their supply chains, we pivoted into creating ESG assessments for suppliers.

## 5 AGGREGATE THE IMPACT OF THE PORTFOLIO

It is a general practice in the space to aggregate the impact of the portfolio. As a sector-agnostic investor with regard to both industry and impact, it was difficult to create totals based on the impact metrics that together with the founders, we have customized for each company. Therefore, we decided to test the classifications recommended by the frameworks we use as a blueprint for our IMM work, The Impact Management Project and the SDGs. Once the data were organized, we didn't draw any additional insights that could influence our strategy or understanding about the portfolio. Therefore, we have decided to stop this practice.

# 2021+ Impact Measurement and Management Action Plan

Based on the results and learnings from the development and implementation of our IMM framework, G&W identified a set of next steps or priority areas for 2021, which are outlined in our IMM Action Plan. This plan combines actions to strengthen both our IMM framework and our impact.

## IMM Action Plan

### STRENGTHEN IMM FRAMEWORK & PROCESS

Impact Measurement & Management:	Responsible	Deadline
Review metrics for the portfolio and develop targets for the next three years	Senior Associate & Impact Lead + President + Director of Investments	2021-2022
Internship and student engagement: Review metrics in line with G&W's 3-5 year student engagement plan, revise survey to better assess whether the internship is achieving its goals and augment the survey with in-depth interviews with a sample of interns	Senior Associate & Impact Lead + Analyst & Student Engagement Lead	2021
Remove aggregating the impact of the portfolio according to IMP's A,B,Cs and the SDGs from the IMM framework. Explore other potential options for aggregating portfolio impact if applicable	Senior Associate & Impact Lead	2021

EGS Assessment:	Responsible	Deadline
Develop ESG benchmarks according to the scale of a company to ensure investees are measured against criteria relevant to their size and stage	Senior Associate & Impact Lead	Longer term
Ensure Supply Chain Assessment is implemented by relevant companies to provide feedback on supplier practices and risks	Senior Associate & Impact Lead	Longer term
Support later stage companies to engage experts to develop sourcing strategies and policies that reflect their ESG and impact priorities	Senior Associate & Impact Lead	Longer term

### IMPROVE IMPACT

Support to Portfolio Companies:	Responsible	Deadline
Test a wellness program	Senior Associate & Impact Lead + President	2021-2022
Reinstate quarterly Founder's Tables and create a digital community for G&W entrepreneurs to facilitate connection and the exchange of learnings	Senior Associate & Impact Lead + President	2021



INKBLOT

Sharing Experience and Learnings:	Responsible	Deadline
Make more information about who we are and our experience and learnings publicly available. Starting with our philosophy, approach and IMM framework, and in future, develop a social media strategy	Finance and Administrative Officer + President	2021
Prioritize forums and methods of sharing our experience that will maximize our impact based on our skills and resources	Finance and Administrative Officer + President	2021
Student Engagement:	Responsible	Deadline
Develop a 3-5 year plan to strengthen and expand G&W's student engagement program that factors in student needs, sector gaps and G&W's capacity. Include clear goals and impact measures	Student Engagement Analyst + Impact Lead	Longer term
IMPROVE ESG PRACTICES		
G&W ESG practices:	Responsible	Deadline
Develop and start implementing a Diversity, Equity and Inclusion Strategy and Plan that includes continuing to understand the challenges of BIPOC founders, tackling our biases and reaching and engaging a diverse group of founders, students, team members and other partners	Finance and Administrative Officer + President	2021
Source cost-effective, anonymous grievance mechanism that suits the needs of a small team	Finance and Administrative Officer	2021-2022
Portfolio ESG practices:	Responsible	Deadline
Strengthen our business design expertise, potentially through partnership with an external expert or team, to help founders understand their customers and stakeholders more deeply and collect better user insights	Senior Associate & Impact Lead	2021
Work with companies to strengthen employee rights and benefits:		
<ul style="list-style-type: none"> <li>● Share templates for HR-related policies and procedures, including grievance mechanisms, non-discrimination, employee satisfaction surveys and safety plans</li> </ul>	Finance and Administrative Officer	Longer term
<ul style="list-style-type: none"> <li>● Create a forum for company HR Leads to connect and share information, challenges and learnings, bringing in experts as needed</li> </ul>	Finance and Administrative Officer	Longer term



# Portfolio



THEBUS

## KOTN

Kotn was born of a desire for good quality, simple essentials that don't cost a fortune. At Kotn, we work to elevate the clothes you spend your life wearing — reimagining your most ordinary utilities. We make our own fabrics from raw Egyptian cotton, a naturally remarkable fibre, bought direct from farmers at guaranteed prices – like farm-to-table, but for your clothes.

### KEY METRICS

- # Farms
- # Schools
- # Students enrolled
- % Girls in schools



## Inkblot

Inkblot's mission is to create affordable, accessible and innovative services and technologies to improve the psychological health of individuals and organizations, with a focus on secure video counselling. Using a proprietary algorithm, users are matched to the best counsellors for their specific needs and preferences, with Inkblot monitoring clinical effectiveness and client satisfaction session-to-session. With Inkblot, employees can get the help they need when they need it.

### KEY METRICS\*

- Outcome Rating Scale (ORS) of all users
- ORS of users with three or more valid assessments
- ORS score up to third session

\*We exited Inkblot in 2021



## THEBUS

Formerly Alice + Whittles

Thesus is a socially and environmentally progressive brand of outdoor footwear and accessories that favours transparency, ethical manufacturing practices and worker empowerment. We are a small “ragtag” band of industry outsiders from around the world with backgrounds in law, international development, design, data science and social work. We believe positive change happens when even the simple ideas are given wings. Our ideas come to life through connection, commitment, and design simplicity.

### KEY METRICS

- % “Better” materials used
- % “Good” materials used
- Traceability





Lucky Iron Fish Enterprise (LIFE) is tackling iron deficiency and anemia through prevention and intervention. The company created a palm sized iron cooking tool, shaped like a Fish or Leaf, that releases easy-to-absorb iron into food when boiled. Used properly and regularly, the Lucky Iron Fish reduces iron deficiency and increases hemoglobin levels simply and cost-effectively.

KEY METRICS

- LIFs distributed in HICs
- LIFs distributed in LMICs
- Compliance rate from 2019/2020 Trials



# GOODEE

GOODEE is a leading curated marketplace offering essential homewares and lifestyle products for better living. Driven by an unrelenting desire to co-create a world that's smarter, kinder, and more beautiful, we built a platform centred around responsible brands and artisans producing timeless everyday objects and consumers looking to make a difference with their purchases. We believe conscious commerce has the power to transform the world.

KEY METRICS

- % Brands using best ESG and transparency practices
- % Companies sourcing from underserved communities
- % Brands with >50% BIPOC ownership/leadership
- % Brands with >50% gender diversity ownership/leadership



Fresh City Farms (FCF) exists to create a better life through food. Founded in 2011, FCF is an urban farm and omni-channel retailer of seasonal, sustainable and organic fresh food. Each day we make locally and organically sourced chef-inspired meals, salads, snacks and breakfasts from scratch. We operate eight retail locations, deliver to thousands of homes each week throughout the Greater Toronto Area, and proudly employ more than 300 employees.

KEY METRICS

- GHG from grocery shopping eliminated
- Full-time employees above living wage
- % Women
- % BIPOC
- % Persons with disabilities



Powered by People (PBP) is accelerating the rise of independent brands and retailers around the globe. Our marketplace is the aggregation point empowering buyers to source distinct products from a diverse sector of independent brands from over 40 countries around the world. At the same time, it leverages digital production management tools and financial services to support creative manufacturers in low-income countries to work with global buyers.

KEY METRICS

- # Producers on the platform
- Credit forwarded
- Total value of orders through the platform
- Remote workers reached





Encircled is on a mission to bring quality, sustainability and humanity back into fashion. We help women build more sustainable and ethical closets by creating sweatshop-free, minimalist-inspired women’s clothing out of eco-friendly materials. You deserve to feel proud of your wardrobe.

KEY METRICS

- % Material biodegradable
- % Material knit or woven locally



eLengo was created to encourage, educate and enable agripreneurs across Africa. At eLengo, we provide practical online training, build thriving virtual communities and host a dynamic online marketplace.

KEY METRICS

- # Users on platform
- % Users that completed more than 60% of the course material
- % Income growth for specific verticals (beekeeping, poultry and kitchen gardens)



Everist is a beauty company on a mission: to fix the beauty industry’s plastic problem (and make your hair look amazing in the process). The company has released waterless shampoo concentrates and a bodywash.

KEY METRICS

- # Bottles not sent to landfill
- % Biodegradable packaging or with *likelihood of an afterlife*



Ulula is a simple and scalable worker voice technology solution that creates accessible and anonymous channels for workers to voice their feedback to employers and global brands, to drive informed improvements of working conditions around the world. Ulula’s tool has been deployed in the manufacturing, mining and agriculture industries to support clients in the corporate, public and not-for-profit sectors to better amplify worker voices and mitigate costly social and labour-rights risks.

KEY METRICS

- Clients served
- Countries / industries covered
- People reached
- Data points collected





Public Inc. is a full-service social impact agency that helps brands profit with purpose. The company builds purpose-driven brands, platforms and campaigns that drive consumer engagement, grow stakeholder and employee satisfaction, and help scale successful businesses.

KEY METRICS

- Campaigns launched
- # People reached
- Traditional companies engaged incorporating sustainability practices



# otto

Otto is a wealthtech platform that aligns people with their portfolios. We enable financial advisors to understand who their clients are and what they care most about (aka their *purpose*) and integrate these values into their investments.

\* NOT YET GONE THROUGH IMM PROCESS



# rally assets

Rally Assets is an impact investment management and advisory firm. It helps investors generate positive social and environmental impact alongside a financial return. Rally creates specialized solutions for corporate and institutional investors, foundations, family offices and individual accredited investors. Since its start in 2010 as Purpose Capital, it has been a trusted leader in the sector.

KEY METRICS

- AUM moved into impact investing
- Portfolio alignment to SDGs
- % of the portfolio in the most positive IMP category of "contribute to solutions"
- Diversity demographics of Rally's team, clients and fund managers





FOOTBALL FOR GOOD

## ordinary

Ordinary is an angel fund invested in people. We invest across sector and stage in technology companies that improve the lives of their users, the more they interact with them.

### KEY METRICS

- Consideration of impact and ESG practices throughout the investment lifecycle
- Founder diversity
- # of companies invested
- Total capital deployed



Football for Good unlocks the competitive advantages of frontier regions in East Africa to identify and develop youth football (soccer) elite talent through world-class training, education and character-building. We offer global opportunities to the youth, communities, and partners we serve. Football for Good is ‘fair trade football.’

### KEY METRICS

- # Kids signed by international/ African football clubs
- Income of graduates relative to mean
- Monetary value of new opportunities
- # Enrolled scholars gaining elite level education
- # Kids graduating from the program



X Movement provides immersive physical activity and mindfulness programs in-school and online that build life skills and help create a positive school climate. “For every confident, fulfilled, self-assured, extraordinary person in the world, there was a moment when “no I can’t” became “yes I can!” It was in that moment that a life lived in self-doubt, became a life energized.”

\* NOT YET GONE THROUGH IMM PROCESS



**Inspiring  
Entrepreneurs.  
Driving Social  
Change.**

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**good&well**  
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