

An aerial photograph of a zebra crossing on a city street. Four pedestrians are visible: one in a red shirt and blue shorts in the bottom left, one in a plaid shirt and grey pants in the middle left, one in a black shirt and grey pants with a black umbrella in the middle, and one in an orange dress with a blue patterned umbrella in the middle right. Long shadows are cast across the crossing. In the top right corner, there is a graphic overlay consisting of a grid of squares in shades of grey and olive green, with a large blue 'X' shape superimposed over it.

# STRENGTHENING COMMUNITIES BY TRANSFORMING LOCAL ECONOMIES

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# Introduction to the partnership

Crossroads Impact Corp, parent company of Capital Plus Financial, a Community Development Financial Institution and Certified B Corporation, partnered with Enhanced Capital Group, an investment firm committed to socially responsible investment initiatives and impact manager of P10 Holdings Inc., a leading, specialized multi-asset class private markets solutions provider, to broaden their impact footprint and combat inequities in the financial system.

The advisory agreement, which expanded CPF's credit assets by leveraging ECG's experience investing in small businesses and projects that spur job creation, promote environmental sustainability, support women, minority and veteran-owned enterprises, and stimulate underserved communities, allows for significant loan growth booked on CPF's balance sheet with ECG receiving a management and incentive fee in return.

We aim to be a leader in providing innovative and sustainable lending solutions.







IMPACT JOURNEY

# We are impact first with a lens of ESG

Through investing in socially responsible companies, Crossroads Impact Corp provides flexible financial solutions and services to communities and businesses that have been historically underbanked and underrepresented.



# Letter from Our CEO



Crossroads and its partner companies remain dedicated to making an impact with the investments we make and communities we support.

It is this steadfast commitment to impact that drove us and our subsidiaries and partner companies to expand our footprint in environmental and social loans over the past year with a \$223 million year-over-year increase in these impact loans — loans that equate to real, measurable change for those making the greatest difference in our communities.

The ripple effect of these loans can be felt deeply within the communities in which these businesses call home and we relish the opportunity to support small businesses throughout a sustained and uncertain market.

We are proud of our commitment to provide assistance to businesses that need it the most and harness the power for good to tackle systemic issues within underserved communities.

As we look to the year ahead, we will continue our mission of making effectual investments and further impactful change in the businesses we support.

A handwritten signature in blue ink, appearing to read 'Eric Donnelly'. The signature is fluid and stylized, with a long, sweeping underline.

**Eric Donnelly**, CEO and director

# Team

**Eric Donnelly**, CEO and director

**Farzana Giga**, Chief financial officer and director

**Robert H. Alpert**, Chairman of board

**James Pérez Foster**, Director

**Claire Gogel**, Director

**Ray Kembel**, Director

**Clark Webb**, Director

**Carlos Treistman**, General Counsel

**Lisa Narrell-Mead**, Chief operating/risk officer

**Gingee Prince**, Chief impact officer

**Max Levy**, Board member

# Portfolio & Impact Pillars

Small businesses have historically been the leading engine of the economy's jobs, growth and innovation. Often, business owners quote access to capital as one of their top constraints to growth. The COVID-19 pandemic and its economic effects have exacerbated the situation for small businesses, especially in disadvantaged neighborhoods.

In 2023, as the world economy arises from the health and climate crisis, leaders must look beyond protecting lives to a more profound task, improving them. Local and inclusive economic growth, as well as climate sustainability, are our primary goals.

Throughout the investment thesis, we select and integrate indicators such as quality job creation, equitable financial inclusion and environmental effects. Our impact management is intentional and continuous. We weigh the impact and financial considerations at each step of the investment process, including sourcing, due diligence, execution, support for investees, monitoring, reporting and exit.

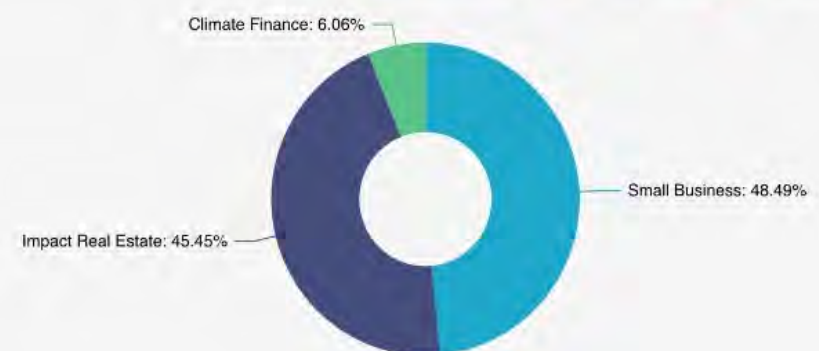
**Total Portfolio Investment: \$250M**

Our impact principles:

**48.5%**  
Small Business Lending

**45.5%**  
Impact Real Estate

**6%**  
Climate Finance



Percentage investment by impact verticals



# Portfolio Profile Examples

## Impact Real Estate:

Allstate Ventures received financing for the revitalization and redevelopment of a New Rochelle, New York, brownfield site. The project includes the cleanup of the site at 64 Centre Ave. and the construction of a 16-story, 168,000-square-foot tower comprising 144 market-rate apartments, a public green space, a rooftop deck, parking and a small retail space with a second phase including 65 affordable apartments.

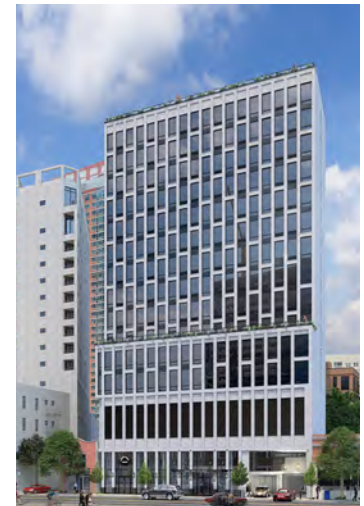
Construction of the mixed-income apartments will help meet the need for housing in New Rochelle and support the local economy and community with the site's cleanup.

## Small Business Lending:

SMiZE Cream, a start-up ice cream business wholly owned by entrepreneur and supermodel Tyra Banks, received a debt investment. The IP-driven company targets family entertainment with immersive shopping experiences, a children's book series, film and television programming, and merchandise for all ages. The company also is creating a nonprofit mentorship program with a vision to provide goal-setting and goal-getting advice to encourage entrepreneurship.

## Climate Financing:

Solar Landscape, a family-owned business that has completed over 100 solar projects, received financing for three community rooftop solar systems with 8.6 megawatts of renewable energy generating capacity. In the first year of operation, the projects are expected to produce more than 9.9 million kilowatt hours of zero-emissions electricity for the community in designated Qualified Opportunity Zones in New Jersey.



# Introduction to the Impact Standards & Frameworks

Crossroads Impact Corp and Enhanced Capital sought to answer the question, “How do we achieve economic growth, sustainability and inclusion?” This report aims to establish a baseline for assessing the impact of the activities of the combined portfolio on social, environmental and governance. The report is aligned with some of the industry best practices and frameworks for learning and disclosing impact.

**The GIIN and IRIS+:** The GIIN is the global champion of impact investing, dedicated to increasing its scale and effectiveness worldwide. IRIS+ is the generally accepted system for measuring, managing and optimizing impact.

**PRI:** The United Nations Principles for Responsible Investment (PRI) provides a framework of six principles for incorporating environmental, social and governance issues into decision-making and ownership practices.

**The IA 50** is focused on private debt and equity fund managers to provide a centralized source of information that is not publicly available elsewhere. The IA 50 offers an easy way to identify experienced and emerging impact fund managers and illustrates the breadth of impact fund managers operating today.

## **Institutional Limited Partners Association (ILPA)**

ILPA released an ESG Assessment Framework as a resource for limited partners looking to build a tool to evaluate and understand the various stages of ESG integration that peers are observing among general partners in the market today. It is designed to help LPs evaluate and benchmark GP responses to due diligence efforts, inform goal-setting conversations with GPs and measure ESG integration progress over time.

The framework categorizes activities and processes across four buckets: not present, developing, intermediate and advanced. As ESG conversations evolve, many best practices are still being developed.



# Alignment to Impact Standards + Frameworks

## IMPACT MANAGEMENT PROJECT

### The Five Dimensions of Impact

The Impact Management Project (IMP) framework, with its 2,000-strong practitioner community, provides a comprehensive and collective approach to understanding the impact of investments on people and the planet, further emphasizing the importance of considering stakeholders' perspectives in decision-making.

Our portfolio based on the Impact Management Project framework, focuses on avoiding harm (72.7%), benefiting people and the planet (12%), and contributing to solutions for society (15%).

This distribution of investments highlights the importance placed on minimizing negative impacts and reducing harm, but also acknowledges the need for investments that contribute to positive societal change.

We classified our portfolio using Impact Management Project norms. We evaluated the performance of each business against their goals of “**A**voiding harm,” “**B**enefiting stakeholders” or “**C**ontributing” to solutions based on the following information.

Enterprises' intentions relate to three types of impact: A, B or C

Illustrative example



Source: Impact Management Project

Dimension	Guiding Question(s)
<b>WHAT</b>	What outcome(s) do business activities drive? How important are these outcomes to the people (or the planet) experiencing them?
<b>WHO</b>	Who experiences the outcomes? How underserved are the stakeholders?
<b>HOW MUCH</b>	To what extent do the outcomes occur, focusing on factors such as scale, depth, and duration?
<b>CONTRIBUTION</b>	What is the enterprise's contribution to the outcomes? What would have been likely to happen anyway?
<b>RISK</b>	Are there risks to people and the planet if the impact does not occur as expected? What are they?





# United Nations Sustainable Development Goals and Targets

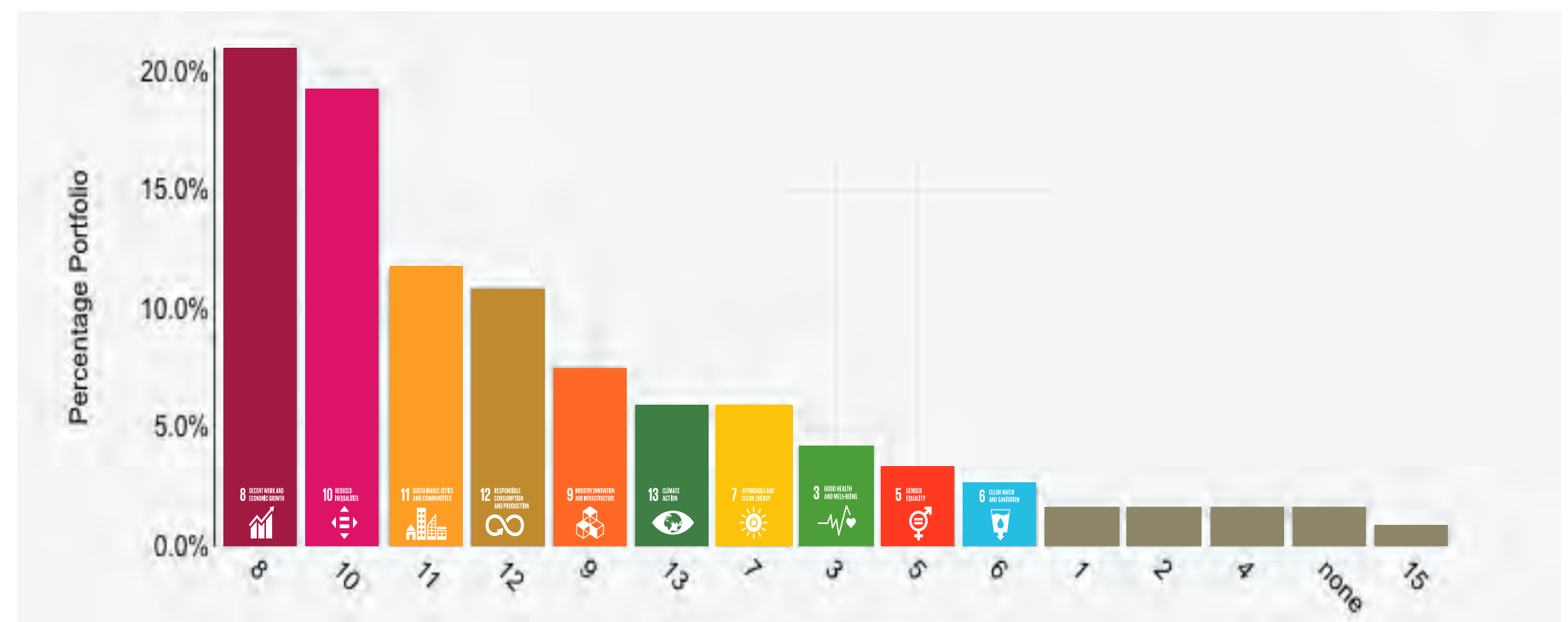


The 2030 Agenda for Sustainable Development outlined **17 Sustainable Development Goals** (SDGs) to help establish "peace and prosperity for people and the planet, now and into the future."


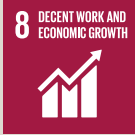








These goals provide an impact framework to assess an entity's contribution toward "ending poverty and other deprivations," incorporating "strategies that improve health and education, reduce inequality, and spur economic growth — all while tackling climate change and working to preserve our oceans and forests."

Many organizations and enterprises use these SDGs as an impact framework.

## Investment in SDGs



# Portfolio by Sustainable Development Goals and Targets

Equity & Inclusion	<div> <div>  <p><b>10</b> REDUCED INEQUALITIES</p> </div> <div>  <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p> </div> <div>  <p><b>5</b> GENDER EQUALITY</p> </div> </div> <div> <p><b>17.8%</b>   <b>20.5%</b>   <b>3.6%</b></p> <p>% Portfolio Investment</p> </div>	<p><b>Target 10.1</b> By 2030, progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average.</p> <p><b>Target 10.2</b> By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</p>	<p><b>Target 8.3</b> 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.</p>	<p><b>Target 5.1</b> End all forms of discrimination against all women and girls everywhere.</p> <p><b>Target 5.5</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p>
Resource Efficiency	<div> <div>  <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div>  <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div>  <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> </div> <div> <p><b>8%</b>   <b>12.5%</b>   <b>11.6%</b></p> <p>% Portfolio Investment</p> </div>	<p><b>Target 9.2</b> Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.</p>	<p><b>Target 9.4</b> 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.</p>	<p><b>Target 11.1</b> By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.</p> <p><b>Target 12.6</b> Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.</p>
Energy & Climate	<div> <div>  <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p> </div> <div>  <p><b>13</b> CLIMATE ACTION</p> </div> </div> <div> <p><b>6.3%</b>   <b>5%</b></p> <p>% Portfolio Investment</p> </div>	<p><b>Target 7.1</b> By 2030, ensure universal access to affordable, reliable and modern energy services.</p> <p><b>Target 7.2</b> By 2030, increase substantially the share of renewable energy in the global energy mix.</p>	<p><b>Target 13.a</b> Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly \$100 billion annually by 2030 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible.</p>	
Health & Well-being	<div> <div>  <p><b>3</b> GOOD HEALTH AND WELL-BEING</p> </div> <div>  <p><b>6</b> CLEAN WATER AND SANITATION</p> </div> </div> <div> <p><b>4.5%</b>   <b>2.7%</b></p> <p>% Portfolio Investment</p> </div>	<p><b>Target 3.8</b> 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.</p>	<p><b>Target 6.3</b> By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p>	

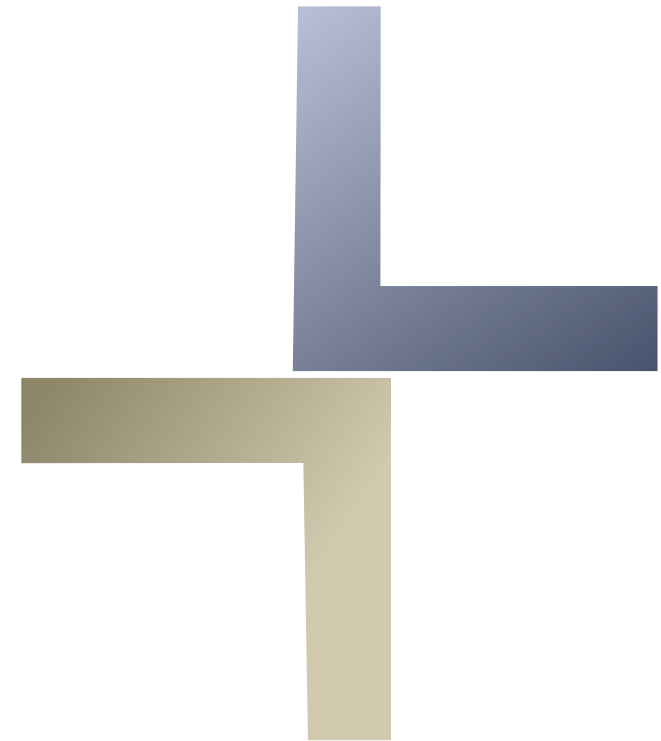
# ESG Data Convergence Initiative

Leading global GPs and LPs have partnered to align on a standardized set of ESG metrics and mechanisms for comparative reporting through the ESG Data Convergence Initiative (EDCI).

The initiative, formerly known as the ESG Data Convergence Project, streamlines the private investment industry's historically fragmented approach to collecting and reporting ESG data to create a critical mass of meaningful, performance-based, comparable ESG data from private companies. This allows GPs and portfolio companies to benchmark their current position and generates progress toward ESG improvements while enabling greater transparency and comparable portfolio information for LPs.

To create this convergence, the initiative's participating firms have agreed to report on a core set of ESG metrics across six categories and drawn from existing frameworks. The categories include greenhouse gas emissions, renewable energy, board diversity, work-related injuries, net new hires and employee engagement.

Crossroads Impact Corp report is keeping this initiative in mind and have aligned the strategy to incorporate the framework.





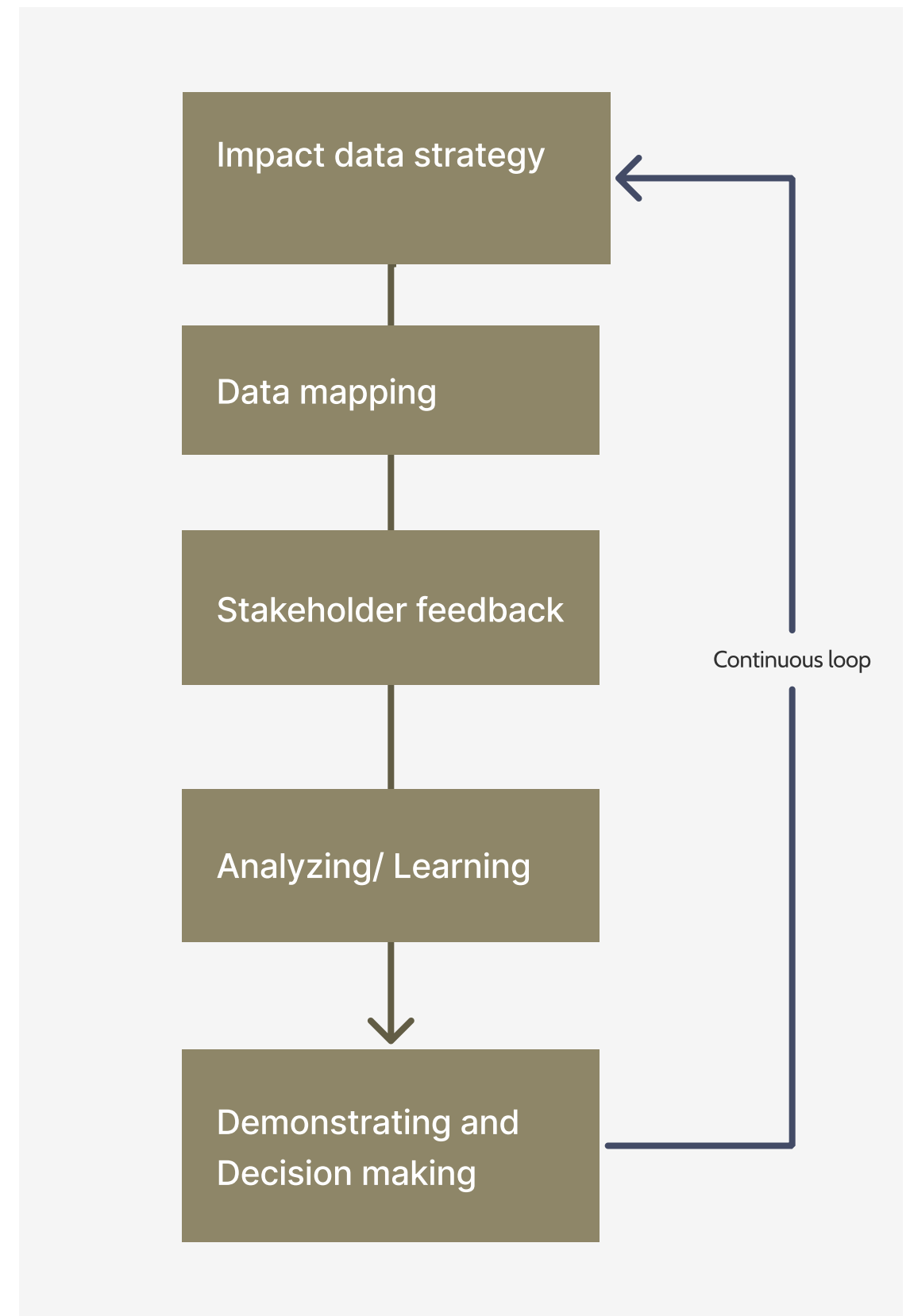
# Methodology

This report is our first step toward strategic learning from aligning to local and global frameworks and collecting impact data to create a baseline for our portfolio. We also triangulated intake data with other sources of data to get insight. Thirty-three small businesses participated in the survey with 61% response. We made a plan for how we will use data to help us reach our learning goals.

1. Data Strategy: Mapped the learning goals to frameworks, metrics and outcome data.
2. Data collection: Designed and executed data collection.
3. Integration: Brought all impact data to the connected platform.
4. Learning: Analyzed, visualized and learned where our portfolio companies are on the ESG + Impact lens.
5. Continuous decision-making dashboard will guide us toward the iterative process.

Impact statement: Through investing in socially responsible companies, Crossroads Impact Corp and Enhanced Capital Group provide flexible financial solutions and services to communities and businesses that have been historically underbanked and underrepresented. The goal is to augment economic vitality and community development through socially responsible investment initiatives.

Now that we have our learning goals quantified, we'll revisit our strategy to make better decisions and make sure we are reaching our investment goals and manage our portfolio impact.



# Impact Highlights

Portfolio Investment: \$250M

Social	<b>Diversity</b>  Over 50% of the portfolio is owned by either women/POC/veterans  33% has more than half female senior leadership  33% encouraging diversity & inclusion training  25% have a recruitment program to reach people from diverse backgrounds  An average 25% are female board member	<b>Employee Engagement</b>  60% are tracking employee turnover  57% conduct an exit interview  53% conduct annual employee feedback with 82% responses	<b>Work Environment</b>  33% assist with child care  No work related fatality  47% offer work-study support  38% offer internship programs	<b>Working with community</b>  60% provide paid time off for volunteering activities  Donated \$450K to the local communities  >52% Use local Suppliers for 50% of their purchases
	<b>Independent Board Oversight</b>  40% have independent, diverse and inclusive board	<b>Fair and Equal Pay</b>  33% conduct salary analyses ensuring fair and equal pay  28% have initiatives to reduce the gender pay gap	<b>Data Governance</b>  67% have data regulation policy and monitor risks in the data infrastructure	<b>Corporate Policies</b>  86% offer flexible and remote work policy  76% have an anti-harassment policy  71% have an anti-discrimination policy
Environmental	<b>Decarbonizing &amp; Safeguarding Our World</b>  22% identify and manage sustainability risks	<b>Circular economy</b>  62% has the policy to reduce or reuse hard-to-recycle waste	<b>Renewable energy</b>  33% portfolio uses 25%-100% renewable energy	<b>Responsible procurement</b>  Average 30% of suppliers are women vendors



SOCIAL

# Building a Resilient, Engaged and Supported Workforce



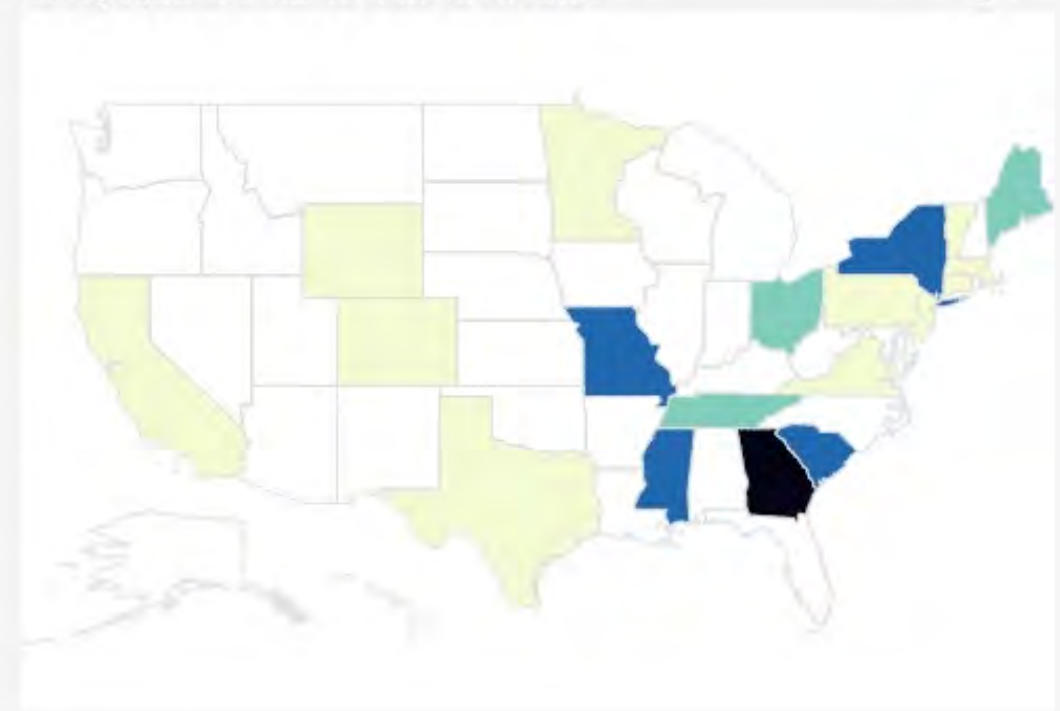
# Building a Resilient, Engaged and Supported Workforce

## Who are we serving?

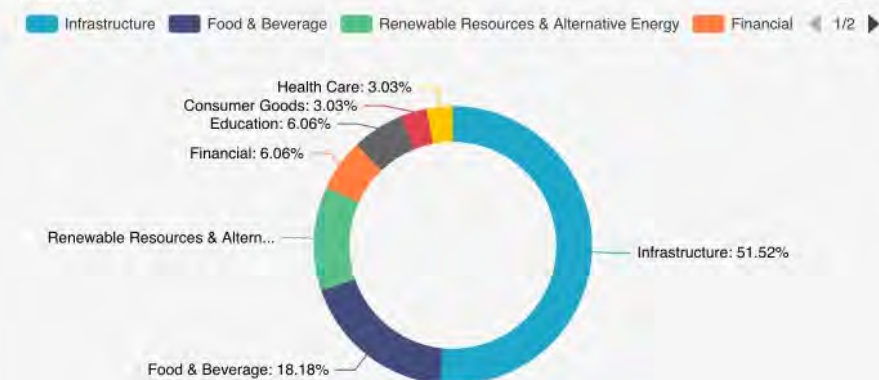
The majority of our stakeholders are women, people of color, veterans and other business owners in rural areas (45.5%), low-income areas (51.5%) or in opportunity zones (36.4%). These businesses are distributed across 19 different states and a majority of them operate in the infrastructure sector (52%). This diversity in location and industry highlights the broad range of needs and challenges that our stakeholders face and the significance of our efforts in supporting them.

- More than half of our stakeholders are women, persons of color or veterans
- They are largely located in rural, low-income areas or in opportunity zones
- Majority of them are in infrastructure

Geographic location of investments

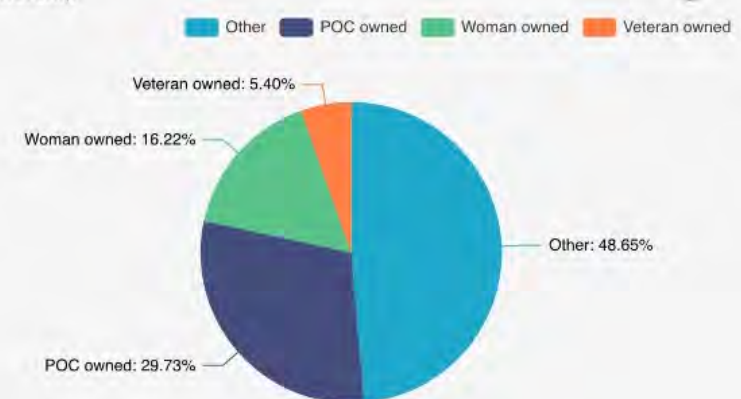


Industry



Portfolio by industry

Ownership



Portfolio by ownership

# Building a Resilient, Engaged and Supported Workforce

## What is changing?

- \$250M Total Portfolio Investment
- Portfolio size is 33 small businesses
- Directly supporting 1,490 jobs
- Importance of outcome to the stakeholder
  - Average state unemployment rate 3.5%
  - Average state poverty rate 12.5%

33



Number of Businesses

1490



Number of Jobs Supported

3.51



% Avg. State Unemployment Rate

12.52



% Avg. State Poverty Rate

In 2022, Crossroads Impact Corp and ECG together invested in a portfolio of 33 small businesses, which directly supports 1,490 jobs. This highlights the significant impact of the companies on the local economy and community. The size of the portfolio suggests that the company is actively engaged in supporting small businesses and creating job opportunities.

The information also highlights the importance of the outcome to stakeholders, particularly in the context of the average state unemployment rate and poverty rate. With an average unemployment rate of 3.5% and poverty rate of 12.5%, the company's efforts in supporting small businesses and creating job opportunities are significant and valuable contributions to the community.

In conclusion, the company's portfolio size and direct job support demonstrate its commitment to making a positive impact on the local economy and community. The company's efforts to support small businesses and create job opportunities are especially crucial in the context of the average state unemployment and poverty rates, and are likely to be highly valued by stakeholders.

# Building a Resilient, Engaged and Supported Workforce

## Staff well-being

Our data indicates that many companies are offering health coverage to their staff and have policies to support mental health, which is a positive step toward improving staff well-being. However, the data also suggests that there is room for improvement in terms of professional and skill development.

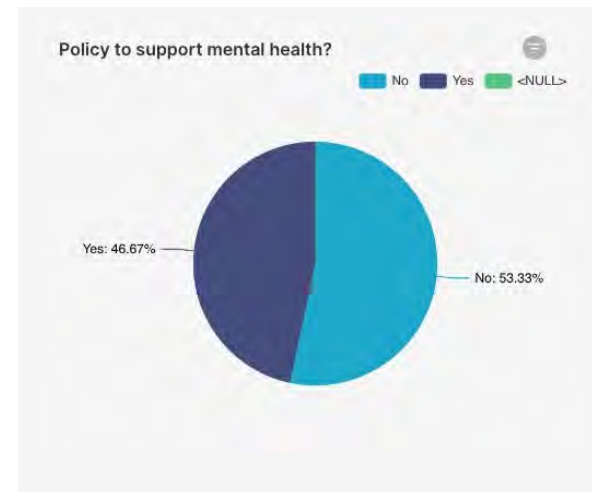
Offering internships, apprenticeships or trainee programs, and providing study support to employees looking to develop new skills are all effective ways to improve staff well-being by fostering a culture of learning and growth within the organization.

In terms of comparing staff well-being to the quality of jobs, it's important to note that staff well-being is just one aspect of job quality. Other factors such as job security, pay and benefits, work-life balance and opportunities for advancement also contribute to job quality. However, improving staff well-being can have a positive impact on job quality by increasing job satisfaction and reducing stress and burnout.

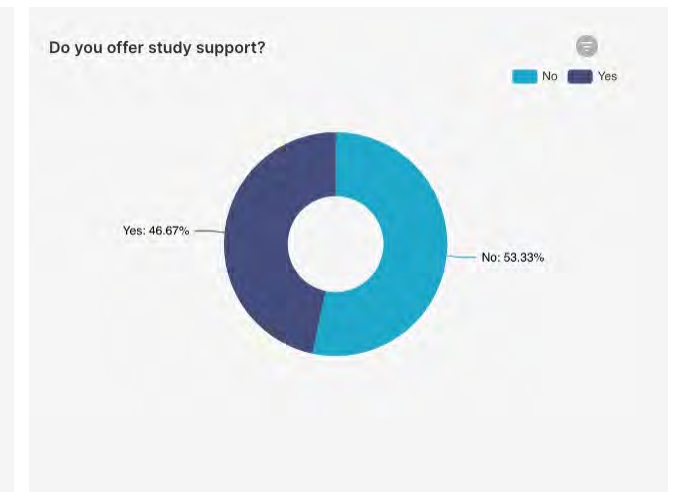
### Staff wellbeing

- 75% provide health coverage (average)
- 53% has policy to support mental health
- 53% offer study support to their employees
- 36% offer internship program

### Policy to support mental health?



### Do you offer study support?



## Working with the community

Our portfolio companies have shown a strong commitment to giving back to their communities, as evidenced by the fact that they donated a total of \$450,000 to various community projects in the last year. Furthermore, 41% of these companies provide paid time off to employees for volunteering or community engagement activities, which is a great way to encourage staff to get involved in charitable causes and make a positive impact outside of work.

### Parental policy

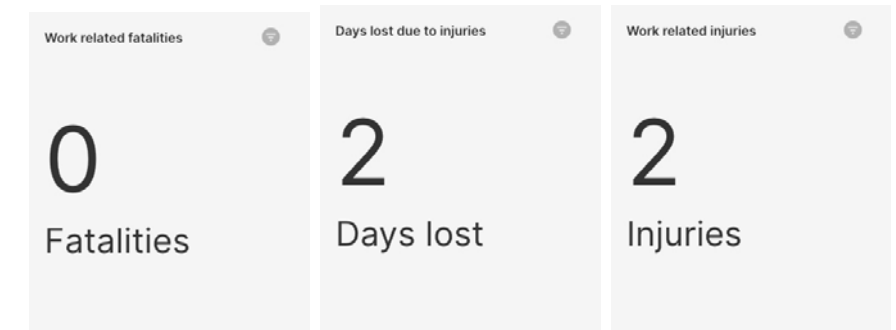
Average paid primary care taker parental leave is two weeks.



# Building a Resilient, Engaged and Supported Workforce

## Work-related injuries

According to our data, the total number of work-related injuries recorded within the last calendar year across our portfolio is two. It resulted in a total of two days lost due to these incidents. Fortunately, there were no work-related fatalities reported during this time period. These findings highlight the importance of continued efforts to promote workplace safety in our portfolio companies and prevent accidents from occurring.



**IMPACT RISK:** When enterprises and investors set financial goals, they always face the risk of not achieving them. The same is true for impact.

The “Risk” dimension of impact assesses the likelihood that impact will be different than expected, and that the difference will be material from the perspective of people or the planet who experience impact. Risk factors considered material include the following:

- **EVIDENCE RISK:** The investees not having enough impact data. It may be difficult for the impact investor to assess the social or environmental impact of the their activities. This uncertainty can make it challenging to evaluate whether the investment is meeting the intended impact goals or not.



# Encouraging Diversity, Equity & Inclusion

The survey results indicate that the portfolio companies are making a conscious effort to encourage diversity, equity and inclusion within their workplaces.

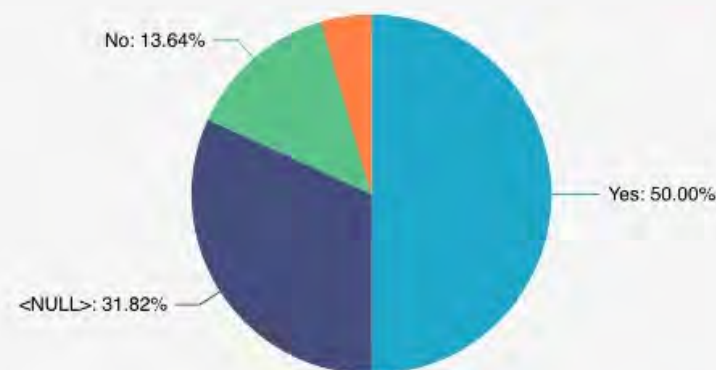
38% of the companies provide DEI training to their staff, emphasizing the importance of creating a workplace that is inclusive for everyone. Additionally, 50% of the companies provide an environment that is inclusive in its physical facilities, such as providing disabled access, breastfeeding space and unisex bathrooms.

25% of the companies have established recruitment programs aimed at reaching people from diverse backgrounds, such as working with specialist headhunters or partnering with relevant university groups. This demonstrates a commitment to ensuring that the workplace is diverse and inclusive, both in terms of its employees and its leadership. Furthermore, 36% of the companies offer internships, apprenticeships or trainee programs, providing valuable opportunities for individuals from diverse backgrounds to gain experience and build their careers within the company.

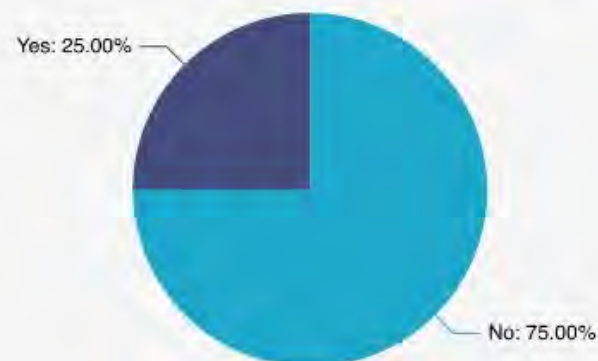
The results show that the portfolio companies are making progress toward a more diverse, equitable and inclusive workplace, and are likely to be valued by stakeholders who share these goals.

- 38% provide DEI training to staff
- 50% provide inclusive environment (disabled access, breastfeeding space, unisex bathrooms)
- 25% have a diversity recruitment program (working with headhunters, university groups, etc.)

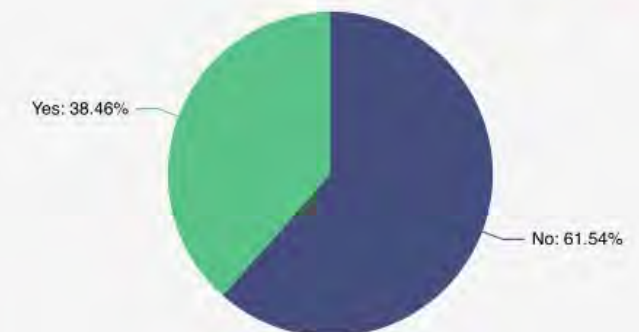
Do you provide an inclusive environment at work?



Do you have a recruitment program to reach applicants from diverse backgrounds?



Do you provide DEI training to your staff?



# Encouraging Diversity, Equity & Inclusion

## Diversity of board members

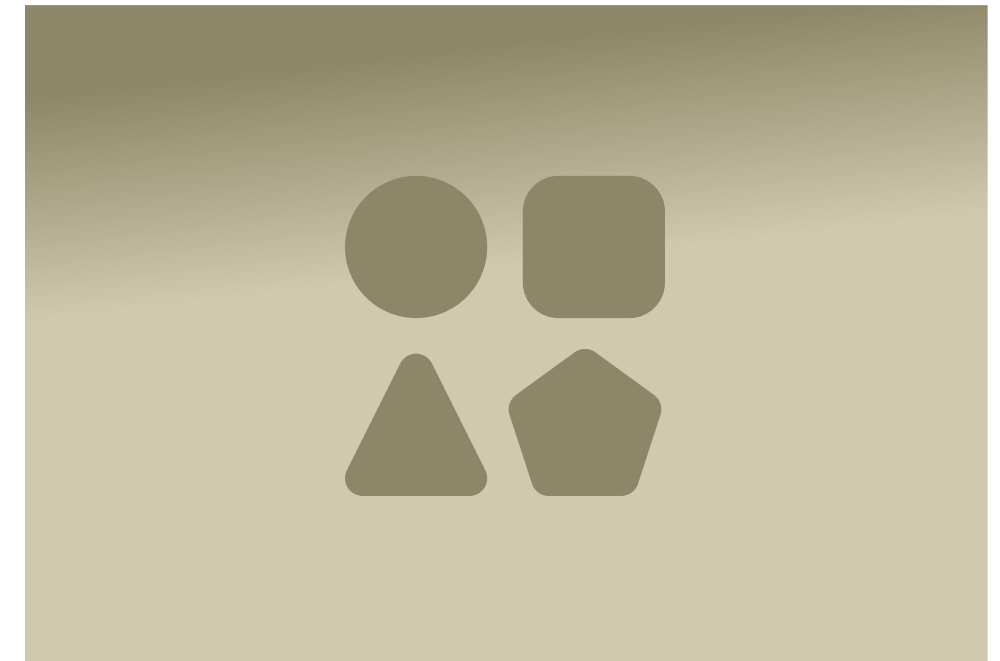
The results of the survey show that 25% of the portfolio companies' boards are comprised of female directors, while 13% of the directors come from underrepresented ethnic backgrounds. Additionally, 1.4% of the boards identify as LGBTQ+. While these numbers represent a step in the right direction, there is still room for improvement.

We will continue to promote diversity and inclusivity in the portfolio companies. As an investor, will consider implementing a diversity policy for board appointments and encouraging portfolio companies to set specific goals for increasing the representation of underrepresented groups on their boards.

## Diversity in leadership and workforce

Our portfolio companies are taking steps to promote diversity, equity and inclusion in the workplace. On average, 24.5% of the senior management and leadership teams identify as female, with 12.8% coming from underrepresented ethnic backgrounds and 1.3% identifying as LGBTQ+. Similarly, 29.4% of the total workforce identifies as female, with 18% coming from underrepresented ethnic backgrounds and 2.4% identifying as LGBTQ+.

While these numbers show progress, there is room for improvement in promoting diversity at all levels of the workforce. To further encourage DEI, the portfolio companies could consider offering diversity, equity and inclusion training to staff, creating an inclusive workplace environment, implementing recruitment programs to reach diverse candidates, and offering internships, apprenticeships or trainee programs.



- Average 25% of board members identify as female, 13% as an underrepresented ethnic background and 1.4% as LGBTQ+
- Average 24.5% of senior management/leadership identifies as female, 12.8% as underrepresented ethnic background and 1.3% as LGBTQ+
- Average 29.4% of total workforce identifies as female, 18% as underrepresented and 2.4% as LGBTQ+



# Employee Engagement

- 54.5% conduct employee exit interviews
- 60% track their employee turnover rate
- Over 50% of companies conduct employee feedback surveys with an average 82% response rate

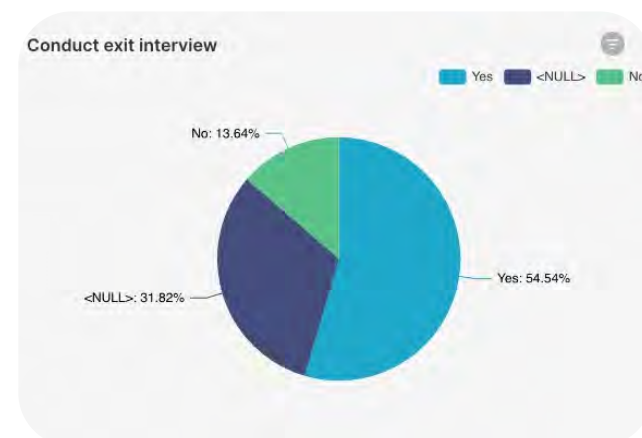
CRSS and ECG recognize the importance of employee engagement and have been tracking several data points to improve it in the invested portfolio companies.

A total of 54.5% of the portfolio companies conduct exit interviews to understand the reasons for employee turnover, and 60% track their turnover rate. These efforts help the company understand and address the needs of its employees and improve employee engagement. Over 50% of the portfolio companies have reported an annual turnover rate of less than 10%. In addition, 50% of the portfolio companies conduct an annual employee survey, with an average response rate of 82%.

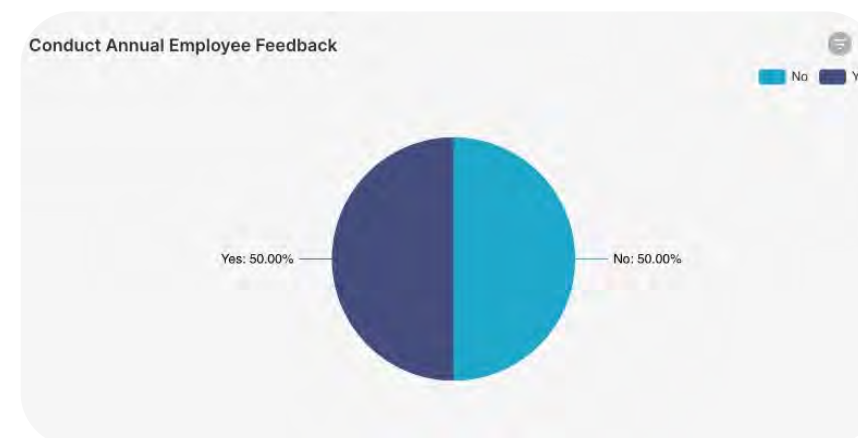
We will continuously support our portfolio companies in expanding the scope of exit interviews to gather more comprehensive data on employee experiences and reasons for leaving. This information could be used to identify trends and make targeted improvements to the work environment.

We will also encourage companies to consider updating the employee survey to gather more in-depth information on employee experiences and perspectives. This could include asking specific questions related to engagement and work-life balance if they are not doing so.

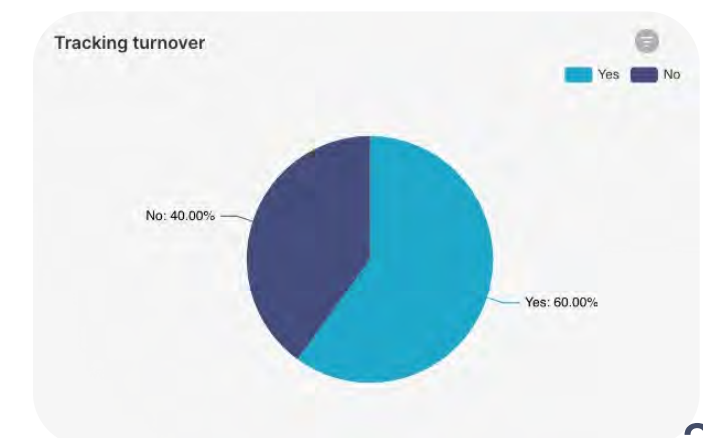
Conduct exit interview



Conduct annual employee feedback survey



Tracking employee turnover





A photograph of two women sitting at a wooden table in a meeting. The woman on the left, wearing a blue top and glasses, is smiling and looking at the woman on the right. She is holding a pen over a notepad. The woman on the right, wearing a dark top, is looking at a laptop. A silver laptop is open on the table. The background is a brick wall. The image has a blue tint and a semi-transparent text overlay.

GOVERNANCE

# Operating ethically and responsibly



# Operating ethically and responsibly

## Board oversight

43.7% has an active board. 37% have an independent board. Average number of board meeting per portfolio is four.

## Fair and equal pay

Fair and equal pay is an important aspect of creating a diverse and inclusive workplace. Regular salary analysis, gender pay gap initiatives, and employee feedback can help portfolio companies make further progress toward fair and equal pay. Our data from the portfolio companies indicates that one-third of portfolio companies are taking steps to ensure fair and equal pay for women and minorities, but there is room for improvement.

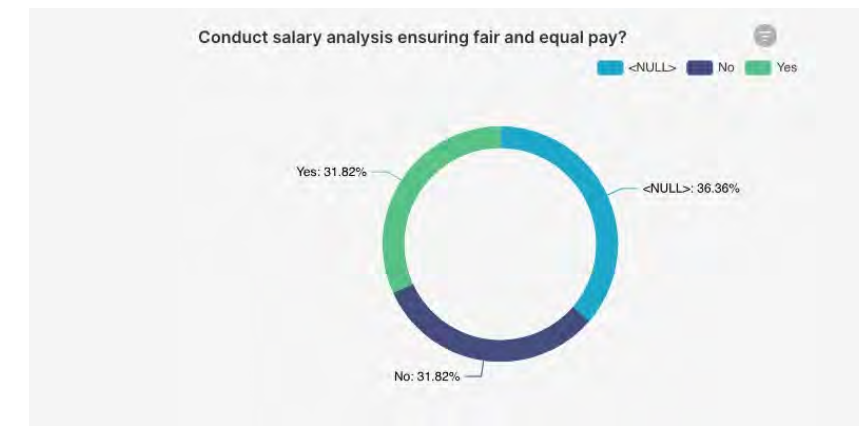
Regular salary analysis, gender pay gap initiatives and employee feedback can help portfolio companies make further progress toward fair and equal pay.

## Data governance & cyber security

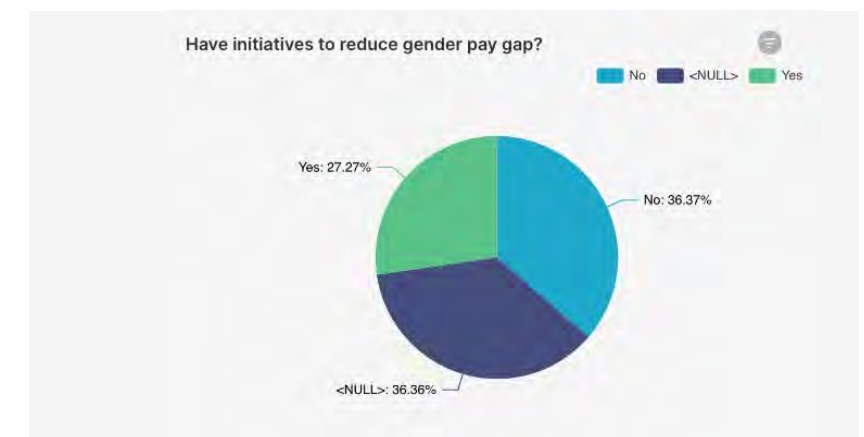
63.6% of our portfolio companies have processes and procedures in place to ensure compliance with data regulation such as the General Data Protection Regulation (GDPR) and have set up cyber security controls to monitor risks in the data infrastructure and promptly report and address incidents.

This is a positive indication that the organizations are aware of the importance of complying with data regulations and is taking proactive steps to ensure that personal data is managed and protected appropriately.

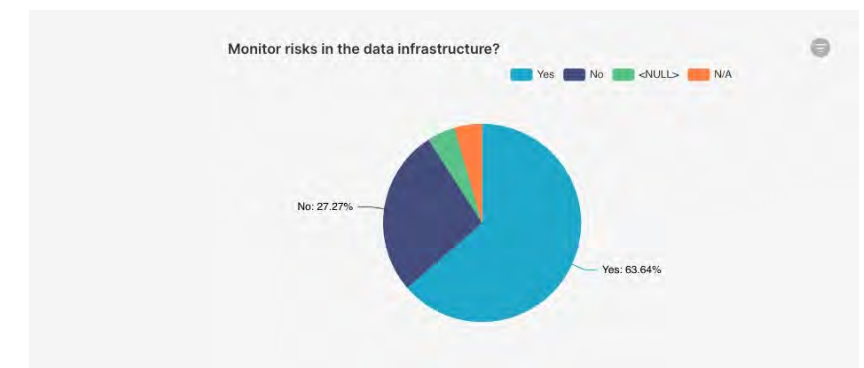
### Conduct fair and equal pay analysis?



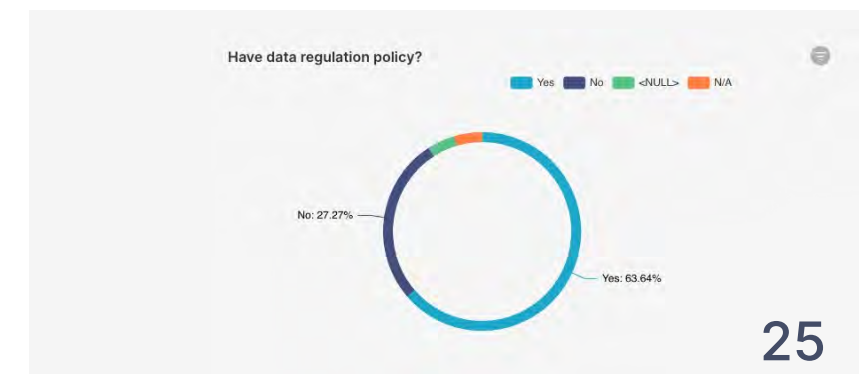
### Have initiative to reduce gender pay-gap?



### Monitor risks for data infrastructure?



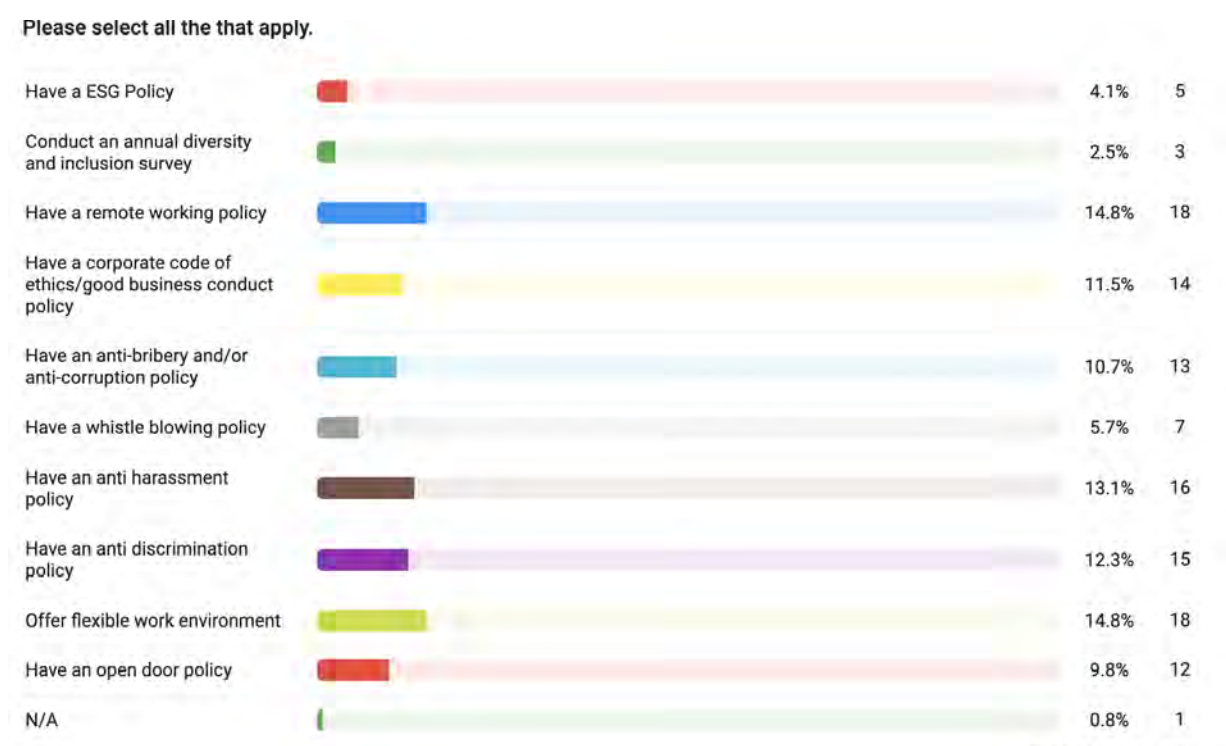
### Have a data regulation policy?





# Operating ethically and responsibly

## Company policies



### Average % of portfolio policies in place

- Have an ESG Policy (23%)
- Conduct an annual diversity and inclusion survey (14%)
- Have a remote working policy (86%)
- Have a corporate code of ethics/good business conduct policy (55%)
- Have an anti-bribery and/or anti-corruption policy (62%)
- Have a whistle blowing policy (33%)
- Have an anti-harassment policy(76%)
- Have an anti-discrimination policy (71%)
- Offer flexible work environment (86%)
- Have an open-door policy (57%)

### What company policies do our portfolio companies value and implement?

The data suggests that the portfolio comprises companies that prioritize specific values and behaviors. For example, a relatively high percentage of companies in the portfolio have a remote working policy, an anti-harassment policy and an anti-discrimination policy, which could indicate a focus on employee well-being and creating an inclusive work environment.

A relatively low percentage of companies have a diversity and inclusion survey, which suggests that there is room for improvement in this area. Additionally, a relatively low number of companies have an ESG policy that aligns well with the board not having ESG on their agenda.

We intend to work on how our portfolio companies can improve job quality by promoting sustainable business practices, improving work-life balance, preventing misconduct, creating an inclusive work environment, and facilitating communication and collaboration in the coming years.



ENVIRONMENTAL

# Decarbonizing & Safeguarding Our World



# Decarbonizing & Safeguarding Our World

## GHG emissions

Outcome: Carbon emissions reduced

Improvement Plan Actions: Measure our carbon footprint

### Portfolio status on carbon footprint

- Majority of the portfolio companies do not collect carbon footprint data.
- For some of them it is not applicable due to the nature of their business.
- Companies, such as Vertical Harvest, are currently capturing the information but do not split into scopes yet.

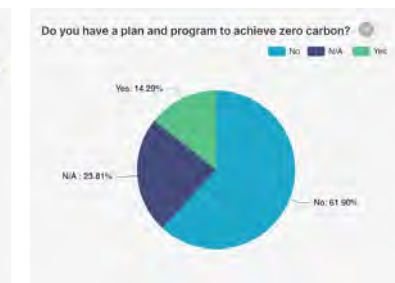
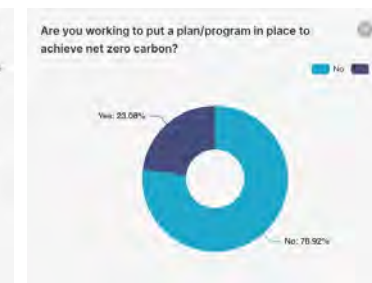
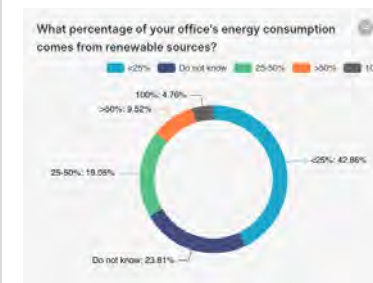
Most of the portfolio companies have not measured and reported their Scope 1, 2, or 3 emissions (Unit: tCO<sub>2</sub>e), which includes direct emissions from company facilities and vehicles, indirect emissions from the purchase of electricity, heat, steam, etc., and all indirect emissions from upstream and downstream activities. Some are collecting carbon emission data but do not separate them by the scope.

There are several steps we will consider to help companies do better in terms of measuring and reducing their emissions:

1. Education and awareness: Provide education and resources to the companies about the importance of measuring and reducing their emissions and the various emissions categories (Scope 1, 2, and 3).
2. Best practices: Share best practices and case studies from companies that have successfully reduced their emissions to provide inspiration and guidance.
3. Encourage sustainability policies and practices: Encourage the companies to adopt sustainability policies and practices, such as energy-efficient technologies, renewable energy and sustainable supply chain management.

## Renewable energy

1. 14% have a plan and program in place to achieve net zero carbon.
2. 23% are working to put a plan/program in place to achieve net zero carbon.
3. Approximately one-third of the companies in our portfolio derive 25-100% of their office's energy consumption from renewable sources such as solar, wind, hydro, etc.



# Decarbonizing & Safeguarding Our World

## Responsible procurement

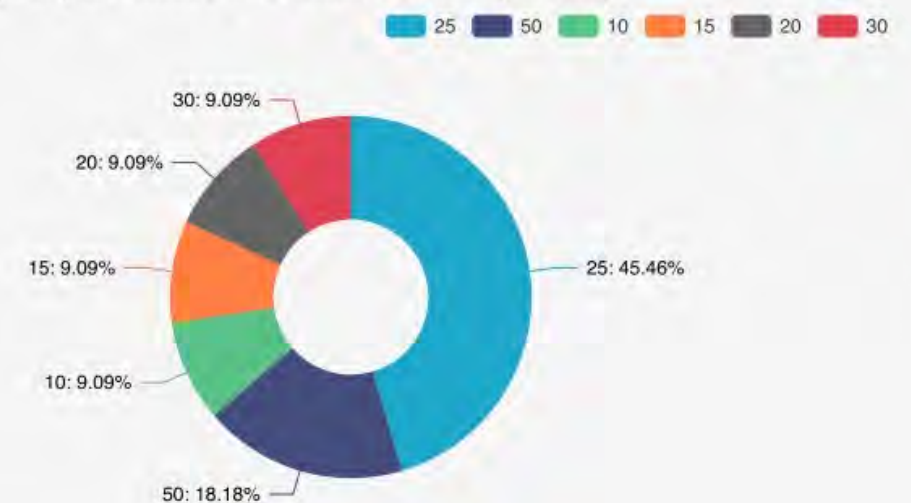
Here are a few potential changes we intend to make based on our learning from the portfolio companies.

1. Encouraging portfolio companies to prioritize suppliers owned by women or minority groups: Since approximately two-thirds of the companies in the portfolio already source 25-50% of their supplies from such vendors, it could be beneficial to encourage the remaining third to also prioritize such suppliers. This could help support diversity and inclusion in the supply chain and potentially lead to better outcomes for these groups.
2. Supporting local sourcing: The information provided indicates that 69% of portfolio companies already source over 50% of their supplies locally. This could be a good opportunity to encourage the remaining companies to increase their local sourcing and potentially create more local jobs and support the local economy.
3. Implementing ESG reporting requirements for vendors: Currently, none of the portfolio companies require vendors to report on their ESG efforts. Implementing such reporting requirements could help ensure that suppliers are adhering to responsible environmental, social and governance practices, and it could help the portfolio companies make more informed decisions about their supply chain.

### % Local suppliers



### % Women/Minority vendors suppliers





# Next Steps: Reflecting on our Impact Learnings

As an impact investor, Crossroads Impact Corp is committed to helping small businesses report on their impact consistently and transparently.

We'll take three next steps over the next two years:

1. We will establish clear communication channels stating social and environmental objectives with our investees by setting up regular check-ins on reporting requirements to improve participation.
2. We will provide ongoing support, such as resources and training to develop goals based on our data.
3. By building consistent and transparent impact data capacity, we aim to empower small businesses to drive better outcomes for all.



Photo by [Mariana Proença](#) on [Unsplash](#)

# References and Acknowledgements

We would like to thank following references for providing guidance in preparing this report.

- [Impact Management Norms](#)
- [The GIIN](#)
- <https://www.esgdc.org/>
- [ImpactAssets 50](#)
- [THE 17 GOALS | Sustainable Development](#)
- [ESG Risks](#)
- [Closing the ESG Measurement Gap in Private Equity](#)
- [ESG Roadmap](#)
- [Greenhouse Gas Protocol](#)
- [Greenhouse Gas Equivalencies Calculator](#)
- [GHGRP Reported Data | US EPA](#)
- [AEO Data Browser](#)
- [Unsplash](#) for beautiful images

# **Social Impact Learnings 2022**

# **Thank You**

We would like to thank dovetail solutions and the ECG team for their valuable contributions to this report.

