October 15, 2014

Dear Microcredit Summit Campaign and fellow partners in the global movement to help 100 million families lift themselves out of extreme poverty,

With this letter, Grassroots Capital Management states its commitment to actively and consciously join the movement to help 100 million families lift themselves out of extreme poverty. This goal requires partnerships and collaboration that stretch across national boundaries and between diverse sets of stakeholders and Grassroots is glad to have the opportunity to join such a group through the 100 Million Campaign Commitment.

Grassroots’ activities are motivated by a belief that those blessed with abundant human and financial resources have an obligation to pursue economic justice and community empowerment both at home and globally. We seek out and collaborate actively with others with shared values. For the 100 Million Campaign, Grassroots is committed to:

**Launching a microfinance equity fund to support financial institutions that combine health, education, and other non-financial services with credit and pro-poor financial services to comprehensively support their clients and demonstrate improvement in the lives of the poor as well as their own financial viability.**

This Fund will validate and focus comprehensive support on that segment of the impact investing spectrum that prioritizes social outcomes: “Impact First” companies.

This Fund will allay concerns of MFIs that transformation into shareholder institutions will erode mission by providing capital positioned to support the social priority.

This Fund will help hardwire the social mission into the company’s corporate/ownership structures and documents, ensuring a long-term commitment to building social value and “responsible exits”, and enhancing the confidence of social investors.

This Fund will provide a model of a financially sustainable intermediary that is consistently prioritizing social performance in the investment relationship, aligning investors, managers, directors and company management.

Lastly, this Fund will cultivate investors to ensure the dynamism and relevance of this “Impact First” segment.
Expand its advisory work with four more MFIs to better integrate social performance management into governance by aligning directors and management around clearly articulated and measurable social outcomes targeted by the MFIs’ social missions.

Grassroots has already begun working with microfinance institutions to better integrate social performance management into governance practices. We are currently working with an MFI in Africa to pilot this project and will expand this initiative to help additional MFIs reach their social goals through board and management-level participation.

Continuing to focus on social performance with its current portfolio of nearly forty companies, working with them to successfully incorporate social performance management tools in order to measure their outreach and outcomes.

Grassroots is a pioneer in promoting industry standards and will engage in and support the use of public frameworks and annual social performance management reports in order to measure social performance and create industry benchmarks that will enable comparison and assessment of social performance in the same way financial performance is treated.

We look forward to reporting our progress towards these goals at the next Microcredit Summit as we work to help 100 million families lift themselves out of extreme poverty.

Sincerely,

[Signature]

Paul DiLeo
President