

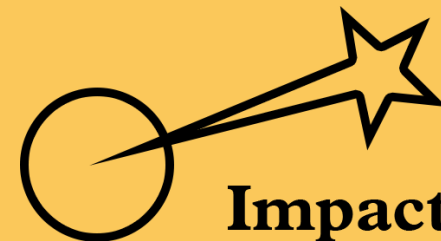


# Impact Reporting Norms

In collaboration with:



IMPACT FRONTIERS



**Impact Europe**

EVPA becomes **Impact Europe**  
*The* Investing for Impact Network

# The speakers



**Mike McCreless**  
Executive Director,  
*Impact Frontiers*



**Nao Sudo**  
Director,  
*Impact Frontiers*



**Ana Tod Van Bilsen**  
Impact Manager,  
*Big Society Capital*



**Gianluca Gaggiotti**  
Senior Knowledge Manager,  
*Impact Europe*

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# Welcome & Agenda

- > Welcome and introduction
- > Overview of impact reporting norms
- > Practitioners' perspective
- > Q&A
- > Diving into specific challenges
- > Next steps and conclusion

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# Introduction

- Impact Europe series of member-only gatherings on IMM
  - ✓ *Impact reporting norms in partnership with Impact Frontiers in February*
  - ✓ *Intentionality and impact management in practice in April*
  - ✓ *IMM and system change in September*
- Impact reporting norms should reflect a **balance** between **what LPs need** to make informed decisions and what **GPs can collect** to manage impact without overburdening investees → it should NOT be a compliance exercise
- Impact Frontiers workshop designed to co-develop this balanced reporting norms → opportunity for Impact Europe community to **contribute to these norms**, which will be the basis for future standards

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# Overview



**Mike McCreless**  
Executive Director,  
*Impact Frontiers*

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# Overview of Impact Frontiers

Impact Frontiers is a learning and market-building collaboration for investors seeking to manage their social and environmental impacts and incorporate impact into investment decision-making.

We provide resources, space for community discussions, and a cohort model that supports learning by doing.

## TWO PROGRAMS:



Field Building



Cohorts

- Impact performance reporting
- Investor contribution
- Impact portfolio construction

# Project Goals

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Impact Frontiers is facilitating a consensus-building initiative to establish Norms for investors in private markets about the content, structure, and format of impact performance reports.

Our goals are:

1. To make impact performance reporting simultaneously less onerous for report preparers and more useful for report users.
2. To facilitate the flow of impact information within and across investment organizations so that it can inform decisions about investment and engagement.
3. To create open-access, non-proprietary criteria against which independent reviewers may assure, evaluate, or verify impact performance reports, enhancing appropriate consistency across independent reviewers.
4. To offer a market-tested prototype for future impact performance disclosure standards by voluntary standard-setters and national regulators.

# Overview: Impact Performance Reporting Norms



## NORMS

- Shared expectation, typical practice
- Fills a gap in the landscape: impact disclosure standards for investors in private markets
- May be implemented in whole or in part, and at any pace, at the discretion of the report preparer.



## IMPACT PERFORMANCE

- Results, not practices
- Expectations of the depth of implementation, along with the length of the report, should be commensurate with fund size, to avoid disadvantaging smaller and/or emerging fund managers.

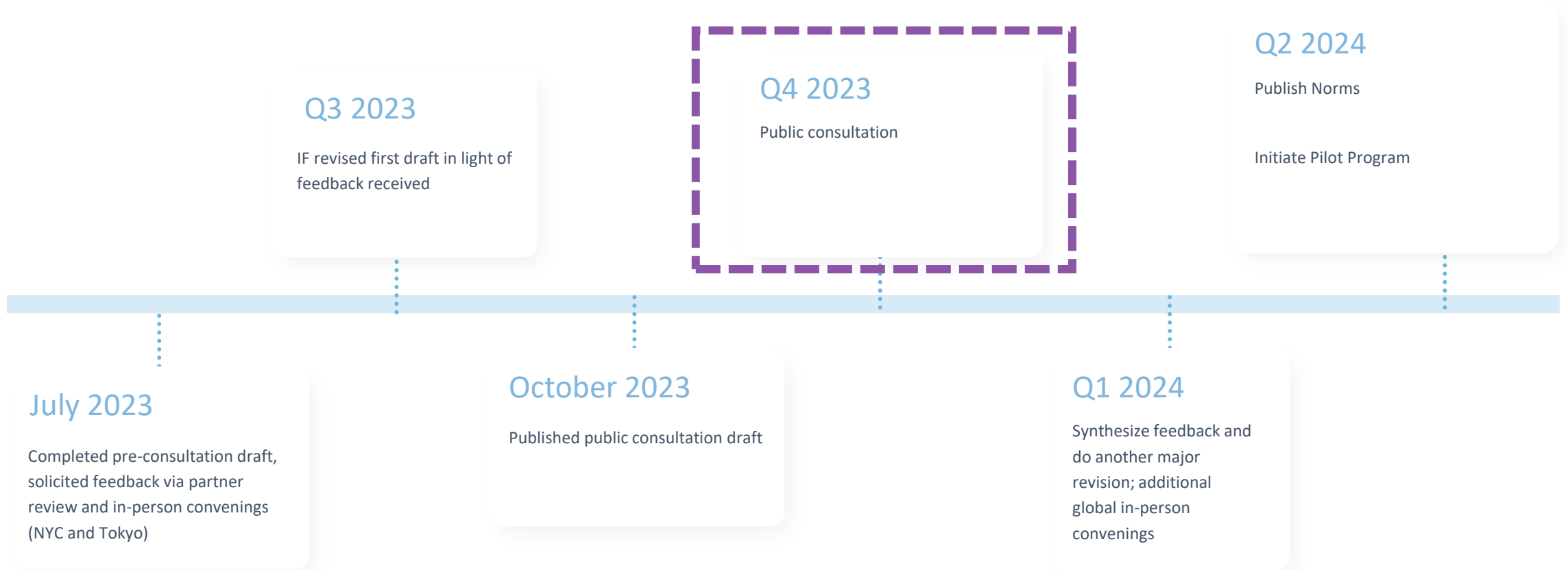


## APPROACH

- Balance of standardization and flexibility
- Standardization of generally-expected content, structure, and format
- Ample scope for customization bounded by principles: IASB Characteristics of Useful Information



# IPA Process and Public Consultation Timeline



# To Whom and Why: Primary Users and Objectives

- The primary users of an entity's impact performance report are assumed to be its providers of capital (i.e., asset owners and allocators).
- The objective of the primary users is assumed to be to understand the impacts of the entity and investee enterprises on the well-being of end-stakeholders and the natural environment, so that the primary users can make investment and engagement decisions that are informed by the experiences and interests of end-stakeholders and the natural environment.
- Reported privately from GPs to capital providers (or publicly if desired).

# What to Report: Proposed Content and Structure

1. Entity Overview & Impact Thesis

2. Impact Management Process

3. Impact Performance

4. Governance (Optional)

5. Case Study (Optional)

6. Independent Review (Optional)

# How to Report: Characteristics of Useful Information\*

## Fundamental Characteristics

Relevance

Faithful Representation  
(completeness, neutrality, accuracy)

## Enhancing Characteristics

Verifiability

Timeliness

Comparability

Understandability

\*Modeled on the Conceptual Framework for Financial Reporting published by the International Accounting Standards Board.

# Discussion Topic 1: Content and Structure

<b>1. Entity Overview and Impact Thesis</b>	<ul style="list-style-type: none"><li>• Reporting entity's purpose, vision, and impact thesis</li><li>• Stakeholder and materiality analysis</li></ul>
<b>2. Impact Management Framework, Process, and Systems</b>	<ul style="list-style-type: none"><li>• How impact influences decision-making throughout the investment process</li><li>• Frameworks or tools</li></ul>
<b>3. Impact Performance</b>	<ul style="list-style-type: none"><li>• Performance results relative to targets and thresholds</li><li>• Positive and negative / unintended impacts</li></ul>
<b>4. Governance (Optional)</b>	<ul style="list-style-type: none"><li>• How impact is reflected in the governance of the fund</li></ul>
<b>5. Case Study (Optional)</b>	<ul style="list-style-type: none"><li>• Labeled as exemplary-positive, exemplary-negative, disconfirming (e.g., of a theory of change), or typical</li></ul>
<b>6. Independent Review (Optional)</b>	<ul style="list-style-type: none"><li>• Conclusion of independent reviewers</li></ul>

## Discussion:

1. Do these six sections make sense?
2. What about the overall approach do you like? What do you dislike?

We will do a deep dive in the next segment!

# Practitioners' Perspective



**Ana Tod Van Bilsen**  
Impact Manager,  
*Big Society Capital*

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# Q&A



**Mike McCreless**  
Executive Director,  
*Impact Frontiers*



**Ana Tod Van Bilsen**  
Impact Manager,  
*Big Society Capital*

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# Deep Dive ‘Performance Section’

- > Impact performance
- > Portfolio aggregation
- > Unintended and negative impacts



**Nao Sudo**  
Director,  
*Impact Frontiers*

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# Content of “3. Impact Performance”

- **3.1 Impact Performance:** lists information pertaining to material outcomes and impacts that preparers are recommended to include.
- **3.2 Unintended and/ or negative impacts:** asks preparers to describe unintended and/or negative impacts that occurred in the reporting year, including both unintended negative impacts of investee companies and/or the reporting entity itself, along with actions taken to remedy the impact and/or avoid similar impacts in the future.
- **3.3 Management Commentary:** asks preparers to provide an overall assessment of impact performance during the period along with supporting rationale. This is also an opportunity to share learnings that have emerged about impact during the period, and to explain areas where performance is off track as well as a plan for improvement.

# Discussion Topic 2

## Approaches to reporting impact performance

- A standardized template or customizable?
  - Methods of impact measurement, analysis, and reporting are diverse enough that no standardized reporting template will be suitable for all.
  - Considerable consensus exists as to the nature of information to be provided, and what users should expect.
- Qualitative or quantitative?
  - A combination of qualitative and quantitative information is recommended.
- “Disclose-or-explain” basis
  - Preparers have discretion about the formatting and organization of the Impact Performance section, as well as the metrics, analytical methods, targets, and thresholds used.
  - Preparers should describe the approach they are taking, along with their rationale.
- Individual investment basis or portfolio basis?
  - Encouraged to report on every investee or asset individually if possible.
  - For larger funds, they may need to aggregate or synthesize results across the portfolio.

**Discussion:** Do these approaches make sense?

# For the following topics, we will use an online whiteboard to invite feedback

## Discussion Topic 3

- What to include in “3.1 Impact performance”

## Discussion Topic 4

- Synthesizing Data Across the Portfolio

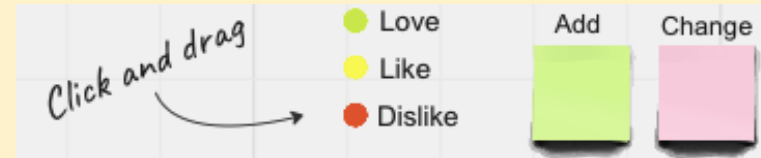
## Discussion Topic 5

- “3.2 Unintended and/or Negative impacts”

Online whiteboard



- Click and drag post-its and dots to address your comments and insights! We value ANY feedback. Even one dot (love, like, or dislike) helps!



Scroll **down** to zoom **in**

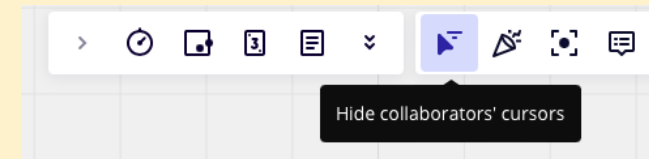


Scroll **up** to zoom **out**



**Right click and drag** to move around

Click in top right toolbar to hide other cursors →



Please access URL (in chat) on your desktops

# Discussion Topic 3: What to include in “3.1 Impact performance”

## Discussion Topic 3 What to include in “3.1 Impact Performance”

Preparers are recommended to include – and users are encouraged to look for – the following information pertaining to material outcomes and impacts:

Note: The material outcomes and impacts, along with the process or defining them, will already have been introduced in section 1 of the report

**Performance results:**

- Relative to targets
- Relative to thresholds
- Both positive and negative, intended and unintended
- As far down the impact pathway as possible
  - Inputs → Activities → Outputs → Outcomes → Impacts
  - Drivers of impact
- Over time (current year, past two years, and future projections)

**Comparability through common frameworks:**

- Assessment across five dimensions of impact
- Performance relative to SDG Targets
- Widely used thematic taxonomies such as IRIS+
- Standardized metrics (when applicable)

**Stakeholder perspectives:**

- Evidence that content represents stakeholder views, from their own perspective
- Disaggregation of results by stakeholder characteristics (e.g., gender, race/ ethnicity)

**Explanations on Performance:**

- Definitions of terms and metrics
- Methodological notes: data sources, assumptions, calculations, etc.
- Definition of time period(s) to which the reported information corresponds:
  - Inclusion/ exclusion of investments as a result of entering or exiting the portfolio during the reporting period;
  - Effect of adding/ removing investees on portfolio performance).
  - Time period(s) of information about stakeholders and/or the natural environment
- Significant investees:
  - Contribute ≥10% to the portfolio's performance on any measure of impact
  - Contribute ≥ 20% to the year-over-year change in any measure
  - “Top” and “bottom” investees by level of impact performance, and/or change in impact performance since prior reporting period

**Legend:**

- Love (Green circle)
- Like (Yellow circle)
- Dislike (Red circle)
- Add (Green square)
- Change (Pink square)

*Click and drag*

# Discussion Topic 4: Synthesizing Data Across the Portfolio

## Discussion Topic 4 Synthesizing Data Across the Portfolio

Please review the three options for reporting on impacts across the portfolio below (examples are provided under each description to help visualize the approach). Do you think this is the right set of options to offer in the draft Norms? Place a green dot in the white box below to indicate yes. If you think there is another approach we should consider, please use a sticky note to describe it. If you think one of the options below should not be offered, please use a sticky note to explain which one, and why.



### Option 1: Investment-By-Investment Reporting

Report on every investee or asset individually.

Preparers have flexibility in how they choose to report the suggested content in 3.1. The boxes below present a few illustrative examples of arrangement of investment or asset-level impact data.



#### Example 1

Investee name	(A) Material Outcomes	(B) Metrics	(C) Baseline		(D) Target	(E) Threshold	(F) Performance		
	Outcomes	Name of metric	Rational e	Year	Year	Year	2 years prior	Prior year	Current year
Company X	Outcome	Metric							
Company Y	Outcome	Metric							
Company Z	Outcome	Metric							
...									

#### Example 2

Investment 1 met or surpassed targets for 4 of the 5 outcomes tracked during the reporting period:

- [Narrative on material outcome 1 & metrics, comparison to baseline, etc.]
- [Narrative on material outcome 2 & metrics, comparison to baseline, etc.]
- [Narrative on material outcome 3 & metrics, comparison to baseline, etc.]

Investment 2 met or surpassed targets for 2 of the 4 outcomes tracked during the reporting period:

- [Narrative on outcome 1 & metrics, comparison to baseline, etc.]
- [Narrative on outcome 2 & metrics, comparison to baseline, etc.]
- [Narrative on outcome 3 & metrics, comparison to baseline, etc.]

### Option 2: Portfolio-Level Reporting, Common Metrics

Report against a common set of metrics across investments. This approach is often used by investors focusing on greenhouse gas emissions and/or other aspects of the climate or natural environment.

Preparers have flexibility in how they choose to report the suggested content in 3.1. The boxes below present a few illustrative examples of arrangement of portfolio-level data using common metrics.



#### Example 1

Material outcomes	Metrics	Baseline	Target	Threshold	Performance			Significant investees
					2 years prior	Prior year	Current year	
Outcome 1	Metric 1.1							
Outcome 2	Metric 2.1							
Outcome 3	Metric 3.1							

#### Example 2

The portfolio met or surpassed targets for 4 of the 5 outcomes tracked during the reporting period:

- [Narrative on outcome 1 & metrics, comparison to baseline, etc.]
- [Narrative on outcome 2 & metrics, comparison to baseline, etc.]
- [Narrative on outcome 3 & metrics, comparison to baseline, etc.]
- [Narrative on outcome 4 & metrics, comparison to baseline, etc.]
- [Narrative on outcome 5 & metrics, comparison to baseline, etc.]

### Option 3: Portfolio-Level Reporting, Common Characteristics

Define what characteristics the impacts will have in common with reference to the five dimensions of impact or other criteria, even if the specific metrics differ by investment. In this approach, the preparer would use different metrics for different investments and provide a supporting narrative about how the metrics chosen align with the common characteristic(s) described.

Preparers have flexibility in how they choose to report the suggested content in 3.1. The boxes below present a few illustrative examples of arrangement of portfolio-level data using common characteristics:



#### Example 1

All investments will reach end-stakeholders that are underserved with regard to selected outcomes:

- Outcome 1: [Threshold for "underserved"]
- Outcome 2: [Threshold for "underserved"]
- Outcome 3: [Threshold for "underserved"]
- Outcome 4: [Threshold for "underserved"]

#### Example 2

All investments contribute to Sustainable Development Goal 5: Gender Equality:

- % of portfolio contributing to Target 5.5 "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life":
  - Outcome 1 [ narrative]
  - Outcome 2 [ narrative]
- % of portfolio contributing to Target 5.6 "Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences":
  - Outcome 1 [ narrative]
  - Outcome 2 [ narrative]
- % of portfolio contributing to Target 5.b "Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women":
  - Outcome 1 [ narrative]
  - Outcome 2 [ narrative]

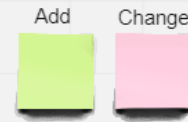
# Discussion Topic 5: “3.2 Unintended and/or Negative Impacts”

## Discussion Topic 5 “3.2 Unintended and/or Negative Impacts”

### 3.2 Unintended and/or negative impacts

Click and drag

- Love
- Like
- Dislike



Describe unintended and/or negative impacts that occurred in the reporting year, including:

- Unintended negative impacts of investee companies and/or the reporting entity itself;
- Actions taken to remedy the impact and/or avoid similar impacts in the future

unintended does not have to equate negative



try to quantify/add metrics

has been anticipated and anticipated used as more neutral language instead of unintended which has a kind of judgement impact

Definitely add more granularity here

The term “negative” can refer to:

- Impacts that are beneath an acceptable threshold
- Impacts that worsened significantly during the reporting period

possibly included in add on table show up under consideration table add long or short the threshold

also include that unintended negative impact

at least a description on what can be negative impact

The Norms assume that all investees and investors generate both positive and negative impacts on various stakeholders. It would be highly unusual for a portfolio to have no unintended or negative impacts, and evidence and rationale would need to be provided.

unintended does not mean the anticipation that you may not be able to do it in the reporting period

Preparers who publish Principle Adverse Impact (PAI) Statements in accordance with the EU Sustainable Finance Disclosure Regulation (SFDR) may link to their most recent statement here. Preparers are encouraged to consider indicators beyond those defined in the SFDR.

Do the preparers themselves get to define what the unintended impacts have been?

# Next Steps



**Mike McCreless**  
Executive Director,  
*Impact Frontiers*

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# Ideas for Implementation

## Pilot Program

- Asset managers, asset owners and allocators, and independent reviewers would individually and collectively pilot the Norms, share learnings, and provide feedback to further improve the Norms
- Participants would have a shared goal of publishing their first Norms-aligned impact performance reports in 2025
- Participants would receive capacity-building support and facilitated interactions with peers. Online Zoom “office hours” could be held to offer support to early adopters, share early learnings, and address questions and challenges that have arisen



## Transition Period

- Would span three years from when the report preparer decided to align with the draft Reporting Norms
- During the transition period, report preparers would strive to follow the Norms to the best of their ability
- Report users would agree to review the resulting reports with a forgiving eye
- Also an opportunity to share the report with other stakeholders such as investees and local communities



## Other Ideas?

Please e-mail your thoughts to

[info@impactfrontier.org](mailto:info@impactfrontier.org) or participate in the

Impact Performance Reporting Discussion Board:

<https://impactfrontiers.org/work/impact-performance-reporting/>



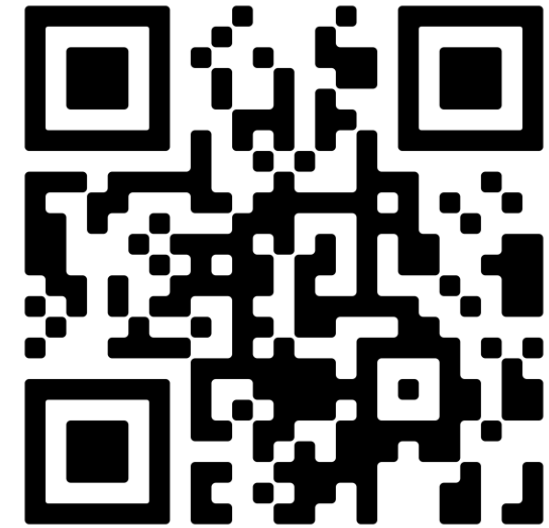
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- > Build a peer **network** for ongoing support and collaboration

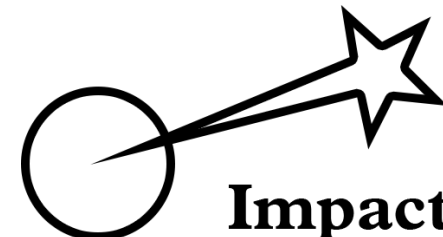
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# Members-only online offer

Our new annual subscription model for members offers full access to **three specialised courses**:

- > 06 Mar 2024: Tailoring Financial and Non-Financial Support
- > 22 May 2024: Additionality & Investor Contribution in Practice
- > 16 Oct 2024: **Impact Measurement and Management: Fundamentals**
- > *Extra course for corporate members, 04 Sep 2024: Strategic Alignment: Impact and Business Synergies*



Scan me!

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# Mark your calendars!

A mix of monthly online and offline occasions to meet, learn and exchange with your peers.



06/02  
Online

Convening  
Impact Reporting  
Norms



27/02  
Online

Convening  
Fuelling Change



06/03  
Online

Learning  
Tailoring Financial and  
Non-Financial Support



13/03  
Brussels & Online

Learning  
Impact Management:  
The Next Level



22/05  
Online

Learning  
Additionality & Investor  
Contribution in Practice



12/06  
The Hague

Convening  
Business of Impact 2024



12/06  
The Hague

Convening  
Capital Ideas 2024



20/06  
Online

Convening  
AGM 2024



04/09  
Online

Learning  
Strategic Alignment:  
Impact and Business  
Synergies



16/10  
Online

Learning  
Impact Measurement  
and Management:  
Fundamentals



27/11  
Bilbao

Convening  
Impact Week 2024

# Share your feedback



**Please answer our evaluation form:**

<https://jcp9b372z5l.typeform.com/to/DJEgdT9K>

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# **We are now Impact Europe – *the investing for impact network.***

Impact Europe (formerly EVPA) is *the investing for impact network*. We gather 350 capital providers (impact funds, foundations, corporate social investors, banks, public funders) to increase prosperity and social progress for all, fix inequalities and injustices and preserve the planet. Together, we rally people, capital and knowledge to accelerate, scale and safeguard impact.

All capital providers have a crucial role to play in driving transformative change. Impact Europe offers strategies, insights and practical wisdom for wherever you are on the continuum of capital or your impact roadmap.

