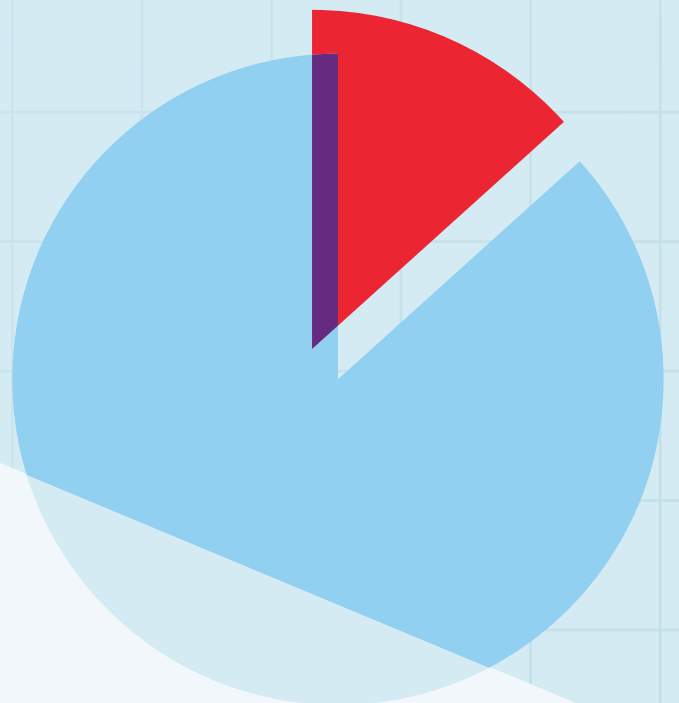




IMPACT FRONTIERS

Impact Performance Reporting Norms

FOR INVESTORS IN PRIVATE MARKETS



APRIL 2024 - VERSION 1

impactfrontiers.org

Impact Performance Reporting Norms

PART 1

What to Report: Content

1. Entity Overview & Impact Thesis

4. Governance

2. Impact Management Process

5. Case Studies

3. Impact Performance

6. Independent Review (Optional)

PART 2

How to Report: Characteristics of Useful Information*

Fundamental Characteristics

Relevance

Faithful Representation
(Completeness, Neutrality, Accuracy)

Enhancing Characteristics

Verifiability

Timeliness

Comparability

Understandability

To Whom and Why: Primary Users and Objectives*

The primary users of an entity's impact report are assumed to be providers of capital (i.e., asset owners and allocators) that are making decisions about investment and engagement with the entity in expectation of financial returns and impact. These primary users seek to understand changes in the well-being of stakeholders and the natural environment caused by the entity and investee enterprises, so that those primary users can make investment and engagement decisions that are informed by the experiences and interests of stakeholders and the natural environment.

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

What to Report: Content

1. ENTITY OVERVIEW AND IMPACT THESIS	
1.1. Entity Description	Overview of the reporting entity and the time period covered.
1.2. Impact Thesis	Impact pathway (e.g., theory of change, logic model, system map). Include the social and/or environmental needs or challenges addressed, the affected stakeholders and intended outcomes, and the role of investor contribution in the thesis.
2. IMPACT MANAGEMENT APPROACH	
2.1. Process, Standards, and Frameworks	How impact influences decision-making throughout the investment process, referencing third-party or in-house frameworks, standards, or tools used. Should include enterprise impact and investor contribution; may include how ESG and/or financial considerations are integrated.
2.2. Identification of Stakeholders, Outcomes, and Impacts	How stakeholders, and the outcomes and impacts significant to stakeholders, are identified by the entity and/or by individual investees or assets. How negative impacts, both expected and unexpected, are identified and managed.
2.3. Usage of Data	How the entity collects and uses impact data, including ethical and privacy issues.
3. IMPACT PERFORMANCE	
3.1. Management Commentary	Overall assessment of impact performance. May include reflections on drivers of past performance and future outlook; assessment of relationships between dimensions of impact or between impact and financial performance aspects; and learnings.
3.2. Impact Performance <i>Note: Preparers should strive to provide the information suggested; if not, they should provide rationale ("comply or explain"). They will need to make context-specific judgments to determine what and how much information to include.</i>	<ul style="list-style-type: none">• Outcomes and impacts of investees/assets, as far down the impact pathway as possible;• Both positive and negative, intended and unintended results;• Investor contribution (financial and non-financial);• Results relative to entities' own targets;• Results relative to sustainability thresholds;• Evidence that the content represents stakeholder experiences and views;• Connections and relationships between impact and financial performance;• Results across the five dimensions of impact;• If appropriate, disaggregation of results (e.g., by gender, race/ethnicity);• If appropriate, use of standardized thematic taxonomies and/or metric sets;• Definitions of terms and metrics;• Data sources, assumptions, calculations, and other methodological notes; and• Areas of the report where data and evidence are relatively stronger or weaker.
3.3. Unintended and/or Negative Impacts	Describe any unintended and/or negative impacts; include remediating actions taken or planned.
4. GOVERNANCE	
4.1. Entity Governance	Modeled on governance portion of International Sustainability Standards Board S1.
4.2. Diversity, Equity, and Inclusion	Embed existing DEI frameworks designed by specialists (e.g., GIIN IRIS+, ILPA, PRI).
4.3. Parent Company Governance	Impact governance of the entity's parent company that apply to the entity, if applicable.
5. CASE STUDIES	
Case study type (e.g., illustrative, exploratory); selection process and purpose; impact thesis; and impact performance.	
6. INDEPENDENT REVIEW <i>(Optional)</i>	
Conclusion of independent review.	

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Introduction

The Impact Performance Reporting Norms (hereafter “Reporting Norms”) establish shared expectations for the reporting of impact results by asset managers in private markets. They are the result of an 18-month public consultation among more than 350 asset managers, asset owners and allocators, consultants, and assurance and verification providers.

The goals of the Reporting Norms are:¹

- To facilitate the flow of information about impacts experienced by stakeholders and the natural environment to inform investor decision-making;
- To make reporting less onerous for asset managers preparing reports, and more useful for asset owners and allocators receiving reports;
- To provide a set of non-proprietary criteria against which independent reviewers may assure or verify reports; and
- To offer a market-tested prototype for future disclosure standards by regulators.

The Reporting Norms address a gap in the set of impact standards, frameworks, and guidance that investors already use.² They are designed to guide the creation of impact performance reports shared privately by fund managers with their capital providers under non-disclosure agreements. This facilitates reporting of positive and negative information, including information not publicly sharable. They may also guide the creation of public reports, recognizing that confidential information may need to be excluded.

The Reporting Norms balance standardization with flexibility. **“Part 1: Content”** synthesizes the information that participants in the public consultation agreed is relevant for an impact performance report. Asset managers preparing impact reports should conduct their own analysis to determine what and how much of the suggested information to include. Asset managers will make these judgments based on the specific impacts experienced by stakeholders and the natural environment and on the needs and preferences of their particular asset owners and allocators, with the Reporting Norms providing consistency and structure to these judgments.

1 See [Appendix A](#) for benefits of using the Reporting Norms.

2 See [Appendix B](#) for information on sources and interoperability.

“Part 2: Guiding Principles” provides guidance to follow in producing and using impact performance reports. These guiding principles are based on the Conceptual Framework for Financial Reporting of the International Financial Reporting Standards (IFRS) Foundation and on European Sustainability Reporting Standards 1: General Requirements, adapted to the context of impact performance reporting.

The Reporting Norms can be used for standalone impact reports or integrated impact and financial reports. Public consultation indicates a growing preference for integrated reporting. A common approach is to prepare impact performance reports annually, with interim updates as needed.

The public consultation also revealed a strong preference for reporting on each investment or asset individually. Optional portfolio-level synthesis can complement investment-by-investment reporting. The exceptions are development finance institutions and multilateral development banks that have hundreds of investments. For these and other very large portfolios, reporting by themes or other sub-segments of the portfolio, complemented by case studies, may be an attractive option.

The Reporting Norms are an open-access public good.³ From 2024 to 2026, Impact Frontiers will facilitate a pilot phase with interested asset managers, asset owners and allocators, and assurance, consulting, and verification providers.⁴ In late 2025, Impact Frontiers will also hold a public consultation soliciting proposed revisions. Impact Frontiers anticipates revising the Reporting Norms based on the results of the pilot and the public consultation and publishing Version 2 in 2026.

3 The Reporting Norms are published under a Creative Commons Attribution-No Derivatives 4.0 International license (CC BY-ND 4.0) that grants users the right to copy and redistribute the material in any medium or format for any purpose, including commercially, so long as attribution is given and changes are not made to the content.

4 To express interest in participating in the pilot, send an email to info@impactfrontiers.org. The pilot will have no cost to participants.

Impact Performance Reporting Norms

“Part 1: Content” and **“Part 2: Guiding Principles”** are complementary and should be read together.

For “Terms and Definitions,” see **Appendix C**.

FOR REPORT PREPARERS

Report preparers are encouraged to include a note in their reports: “This report has been prepared following guidance provided by the Impact Performance Reporting Norms.”

PART 1:

Content

The suggested sections of an impact performance report are:

1. Entity Overview and Impact Thesis
 2. Impact Management Approach
 3. Impact Performance
 4. Governance
 5. Case Studies
 6. Independent Review (Optional)
-

The relevant content for each section is described below. Report preparers are advised against including content not listed below, given the risk that excess information may obscure users' view of material information.

BOX 1

Note on Usage of May and Should

The Reporting Norms use wording such as “can” or “may.” In selected instances, the words “should” or “required” are used. This indicates areas where reviewers of the consultation draft felt that the proposed Norm should be encouraged especially strongly (for instance, incorporating the views of affected stakeholders).

1. Entity Overview and Impact Thesis

Note: This section may not need to be updated unless material changes have occurred since the previous report. If no material changes have occurred, the new report may simply link to or reference this section of a previous report.

1.1. Entity Description

Describe the portfolio that is the subject of the report (e.g., assets under management, asset class(es), sector/thematic focus, regional focus, year launched, overview of capital providers).

If the reporting entity is part of a larger organization, provide a brief overview of that organization. Indicate approximately what proportion of the larger organization the reporting entity represents (e.g., as a share of the organization's total assets under management).

Indicate the time period covered by the report and the anticipated frequency of reporting.

1.2. Impact Thesis

Note: Signatories to the Impact Principles may complete Section 1.2 by providing the portion of their Disclosure Statement relating to Strategic Intent (i.e., Principles 1 and 2) and Investor Contribution (Principle 3).

Describe the impact thesis of the reporting entity.⁵ This may take any form of Impact Pathway, including but not limited to a theory of change, logic model, outcomes chain, or system map.⁶ (See **Box 2**.)

This section should address:

- The social and/or environmental needs or challenges that the activities and outputs are intended to address.⁷ If relevant, preparers may also include how activities relate to broader objectives such as climate goals or the Sustainable Development Goals.⁸
- The intended outcomes; the stakeholder groups and aspects of the natural environment experiencing those outcomes; the extent to which stakeholders are underserved with regard to those outcomes;

5 For guidance on articulating the causal logic of how investment activities are expected to achieve intended outcomes and impacts, preparers may refer to Impact Evaluation in Practice (Second Edition) from the World Bank, Chapter 2: Preparing for an Evaluation, p. 31, available at <https://openknowledge.worldbank.org/server/api/core/bitstreams/4659ef23-61ff-5df7-9b4e-89fd12b074d/content> and "Impact Evaluation in UN Agency Evaluation Systems: Guidance on Selection, Planning, and Management" from the United Nations Evaluation Group (UNEG), 2.2 Theory of Change, p. 14, available at <https://www.uneval.org/document/detail/1433>.

6 For an initial exploration of systems mapping in impact management, see "Getting Started with Systems Mapping & Impact Management," Impact Frontiers, <https://impactfrontiers.org/work/systems-mapping> and <https://impactfrontiers.org/wp-content/uploads/2023/08/Impact-Frontier-Systems-Mapping-Case-Study-v2.pdf>.

7 Preparers may find the OECD DAC Network on Development evaluation guidance on performing a relevance assessment useful to analyze and articulate how their impact thesis aligns with stakeholder needs, available at https://www.oecd-ilibrary.org/sites/543e84ed-en/1/3/4/index.html?itemId=/content/publication/543e84ed-en&_csp_=535d2f2a848b7727d35502d7f36e4885&itemIdGO=oecd&itemContentType=book#section-d1e2474.

8 Preparers may refer to section 3.1.3 of the Gold Standard for the Global Goals Principles & Requirements for steps on defining SDG impacts and setting monitoring indicators.

and the significance of those outcomes to the stakeholders, relative to other outcomes they are (or are not) experiencing.⁹

- Report preparers may use the five dimensions of impact to ensure a complete description of intended outcomes.¹⁰
- If the fund is sector- or theme-agnostic, such that specific outcomes and impacts either cannot be identified ex-ante or are too numerous to list, preparers may indicate in more general terms the impact criteria that must be met for an investment to qualify for inclusion in the portfolio.
- The role of investor contribution (financial and/or non-financial) in the impact thesis.
- The approximate extent or portion of the portfolio for which the above points hold or are expected to hold. A portfolio-level impact thesis is relevant to the extent that it applies to or describes all the investments in that portfolio, including through the lifecycle of those investments.
- Supporting evidence, analysis, and assumptions made.¹¹
- The definitions used for the terms “outcomes” and “impacts” in the report.¹²

9 Determination of significant outcomes and/or impacts is a context- and entity-specific judgment call. There is often no one “technically correct” result, but some results may be supported by stronger evidence and reasoning than others. Preparers may refer to Social Value International’s “Standard on applying principle 2” for step-by-step guidance on creating well-defined outcomes through stakeholder engagement, available at <https://static1.squarespace.com/static/60dc51e3c58aef413ae5c975/t/60f05a22bb93af6acac3d9f7/1626364452343/Standard-for-applying-Principle-2-.pdf>.

10 For a list of the data categories within the five dimensions of impact, see <https://impactfrontiers.org/norms/five-dimensions-of-impact>.

11 If secondary research is used, include a brief assessment of the extent to which the findings from secondary research are generalizable to the preparer’s context, along with rationale.

12 Different entities use the terms “outcome” and “impact” differently. The Impact Management Platform provides two of the most common usages of the terms outcome and impact used by voluntary standard-setters. Report preparers are encouraged to align with one of these usages. In the Reporting Norms, the term “outcome” refers to the level of well-being experienced by people or the condition of the natural environment that results from the actions of the organization, as well as from external factors, while the term “impact” refers to a change in an aspect of peoples’ well-being or the condition of the natural environment caused by an organization. See Appendix C Terms & Definitions and Impact Management Platform, “Impact and the impact pathway,” <https://impactmanagementplatform.org/impact/#impact-pathway>.

BOX 2

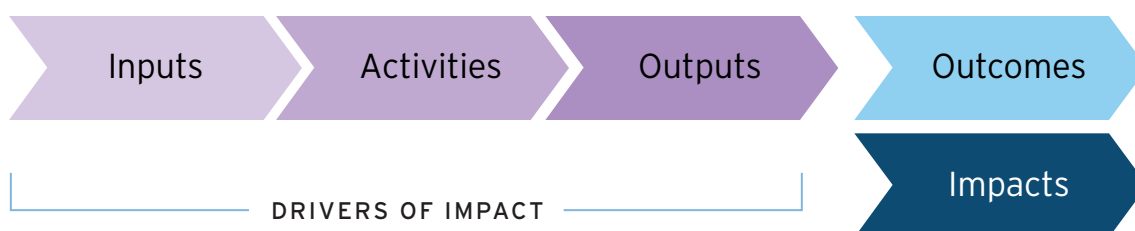
Impact Pathway

The impact pathway is defined by the Impact Management Platform as “the sequence that links organizations’ actions with their effects on people and the natural environment.” The impact pathway depicts the causal chain of an entity’s inputs, activities, outputs, and the resulting changes in well-being for stakeholders and/or the natural environment.

An impact pathway can be expressed in many forms, including a theory of change, logic model, outcomes chain, or system map. While the impact pathway represents a simplified version of complex relationships between multiple outcomes and impacts (intended and unintended, positive and negative, primary and secondary), thinking through this sequence of elements can help an entity articulate its impact thesis, identify outcomes and impacts, and select appropriate metrics.

The model below depicts a common form of an impact pathway. “Inputs,” “Activities,” and “Outputs” are considered drivers of impact. “Outcomes” are shown as the endpoint of the causal chain and denote a level of well-being. “Impacts” specify the change in the level of well-being that was caused by the entity. In some cases, a sequence of outcomes (with corresponding impacts) is portrayed.

The Impact Management Platform offers two alternative definitions of the terms “outcome” and “impact.” Both are widely used. The Platform presents both because consensus about which is preferable does not exist among practitioners. The Reporting Norms adopt usage #2. For alternate usages and interpretations, see [Impact Management Platform: The Impact Pathway](#).



The Reporting Norms recommend that preparers measure and disclose the furthest element along the impact pathway possible. The Reporting Norms sometimes use the term “impact” as a shorthand for disclosure of the furthest element along the impact pathway as possible.

For additional examples of impact pathways, see the Global Impact Investing Network’s COMPASS Methodology for Comparing and Assessing Impact.¹³

13 “COMPASS: The Methodology for Comparing and Assessing Impact.” Global Impact Investing Network, May 2021, available at https://thegiin.org/assets/COMPASS%20Methodology_For%20Investors.pdf.

2. Impact Management Approach

Note: This section may not need to be updated unless material changes have occurred since the previous report. If no material changes have occurred, the new report may simply link to or reference this section of a previous report.

In each subsection, preparers may wish to include how environmental, social, and governance (“ESG”) considerations are addressed,¹⁴ and how non-financial factors are integrated alongside financial ones in the entity’s approach.¹⁵

Signatories to the Impact Principles may complete Section 2.1. by providing a link to their most recent Disclosure Statement. If their Disclosure Statement also addresses the topics in 2.2., they may link it there as well.

2.1. Process, Standards, and Frameworks

Describe how impact influences decision-making throughout each stage of the investment process (pre-screen through exit), referencing third-party or in-house frameworks, standards, or tools used (e.g., screens, analytical techniques, ratings, scorecards). If the entity is part of a larger organization, describe organization-wide processes, standards, and frameworks pertaining to environmental, social, and governance¹⁷ (“ESG”) and/or impact considerations that also apply to the reporting entity. Include how investee impact and investor contribution are incorporated.

2.2. Identification of Stakeholders, Outcomes, and Impacts

Describe how stakeholders, and the outcomes and impacts significant to stakeholders, are identified by the entity and/or by individual investees or assets. Describe the process of stakeholder engagement and assessment of the significance of impacts to stakeholders, including how stakeholder views inform decision-making, and any methodologies used.¹⁷ Describe the process by which negative impacts, both expected and unexpected, are identified and managed, including environmental, social, and human rights.¹⁹

14 Preparers are encouraged to consider that some information typically defined as being related to ESG may not be necessary to include in an impact report if it is not significant from the perspective of stakeholders and/or the natural environment. Conversely, some information typically excluded from ESG disclosures because it is not financially material may nevertheless be significant from the perspective of stakeholders and/or the natural environment and hence should be included in an impact report. An integrated report would include all of this information.

15 Preparers seeking to create an integrated report are encouraged to consider implementing the Reporting Norms in combination with the Integrated Reporting Framework of the IFRS Foundation, available at: <https://integratedreporting.ifrs.org/resource/international-ir-framework/>.

16 The intention of the Reporting Norms is not to require any information beyond that which would be included in an Impact Principles Disclosure Statement. If Signatories to the Impact Principles wish to provide additional information on their impact framework and process beyond what is included in their Disclosure Statement, they may provide it here. Report preparers who are not signatories to the Impact Principles are encouraged to review the Impact Principles for further guidance on content to include in this section.

17 For guidance on policy regarding the management of environmental, social, and governance issues, preparers may refer to “What are the Principles for Responsible Investment?” PRI, <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment> and “Sustainability-related disclosure in the financial services sector,” European Commission, https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector_en.

18 See [Appendix D](#) for guidance on stakeholder engagement.

19 Include fund- or organization-level grievance mechanisms, complaints registries, and other accountability mechanisms – including those shared with other organizations – that allow stakeholders to communicate concerns and seek redress for adverse impacts are included in the Governance section.

2.3. Usage of Data

Describe how the entity collects, manages, and uses impact data, including how data ownership, privacy issues, and ethical and commercial issues are managed. Explain any predefined processes for sharing data between the entity and its investees, including responsibilities for data collection and how, and to whom, data are reported.

3. Impact Performance

Public consultation indicated that methods of impact measurement, analysis, and reporting are diverse enough that no standardized reporting template will be suitable for a plurality of investors. However, consensus does exist about information that should be in the performance section of an impact report, listed below.

The Reporting Norms therefore operate on a “comply-or-explain” basis. Preparers should strive to include the information suggested or provide the reason why the information is not included. Some information, marked with an asterisk (*), is more relevant in some contexts than others (see **Box 3** below). Preparers have discretion over how much of the suggested content to include, organization of this content within the “Performance” section, and the metrics, analytical methods, targets, and thresholds used, so long as they provide rationale. Preparers are encouraged to begin by reporting what they can, and progressively fill in more content over successive reports.

A combination of qualitative and quantitative information is recommended, with neither being preferable to the other.²⁰ Including both qualitative and quantitative data can strengthen reporting by balancing the limitations of each.²¹

Preparers are encouraged to report on every investee or asset individually. Optional portfolio-level synthesis can complement investment-by-investment reporting. Entities with hundreds of investments may need to synthesize results across the portfolio, or by themes or segments within the portfolio.²² (See **Appendix E** for example portfolio-level and investment-by-investment reporting templates.²³)

BOX 3

Note on Asterisked Items

Some of the suggested content is marked with an asterisk (*). This indicates less consensus in the public consultation that the marked content always needs to be included. Some of this content (e.g., disaggregation of data by certain social identifiers such as race) was strongly endorsed in some contexts but not others (e.g., different countries). Other aspects (e.g., reporting of performance data across the five dimensions of impact for all material outcomes) may create too great a reporting burden if implemented in full. Preparers are encouraged to take this into account.

20 Qualitative analysis methods are well established in the social sciences but are emerging practice in impact management. Qualitative data can be particularly useful for understanding the complexities of stakeholder perspectives. See “Analyzing Qualitative Data” by Ellen Taylor-Powell and Marcus Renner, available at: <https://www.betterevaluation.org/tools-resources/analysing-qualitative-data>. And “Criteria for Good Qualitative Research: A Comprehensive Review” by Drishti Yadav, available at: <https://link.springer.com/article/10.1007/s40299-021-00619-0>.

21 For guidance on mixed-method approaches, see “Combine qualitative and quantitative data” from Better Evaluation, available at: <https://www.betterevaluation.org/frameworks-guides/rainbow-framework/describe/combine-qualitative-quantitative-data>.

22 Preparers who do not report on every investee are recommended to provide rationale. If any investees or assets are excluded from portfolio-level analysis, disclose which are excluded, what proportion of the portfolio they represent, the rationale, and the extent to which the portfolio-level summary can be considered representative of the whole.

23 Preparers may find the section “Getting to the portfolio level (or not!)” from the report “Impact Linked Compensation: Considerations, Design Options and Frameworks” useful for strategies on aggregating impact performance at the portfolio level, available at: [impactlinked.co](https://www.impactlinked.co).

Preparers should make it possible for users to assess performance trends over time. Some may include data for multiple years. Others may avoid repeating information previously reported, instead referencing and linking to prior reports. If previously reported information is materially inaccurate and needs to be re-stated, then it should be included along with an explanation.

3.1. Management Commentary

Present the preparer's overall assessment of impact performance during the period along with rationale. This may take the form of a purely narrative assessment or include additional analysis of the information presented in 3.2. and 3.3. This may include:

- Reflections on drivers of past performance and outlook for future performance.
- Assessment of the relationships between different types or dimensions of impact, or between aspects of impact and aspects of financial performance. If tradeoffs exist, elaborate and describe what decisions have been made to manage those tradeoffs.
- Learnings that emerged during the period.
- References to case studies, if included in Section 5.

3.2. Impact Performance

Relevant content for this section includes:

- Outcomes and impacts of investees/assets on stakeholders and the natural environment;
- Both positive and negative, intended and unintended results;
- Measurement as far down the impact pathway as possible (i.e., outcomes or ideally impacts as opposed to proxy metrics of activities or outputs; see **Box 2** for more on the impact pathway);
 - For clarity, indicate whether metrics are of activities, outputs, outcomes, or impacts.
 - If outcomes and impacts are not reported, explain how strong the relationship is between the proxy metrics of activities and/or outputs and the intended outcomes or impacts experienced by stakeholders and/or the natural environment. (For instance, the number of students reached might be an output measure intended as a proxy for improvements in student capabilities or knowledge.)
- Investor contribution, including financial and non-financial, to those impacts and outcomes;²⁴

²⁴ Throughout the performance section, preparers are encouraged to highlight instances where contextual evidence suggests that the investee or asset likely would not have received similar financial or non-financial contribution, but for the investor; and that the investor's financial or non-financial contribution may have caused a change in outcomes for stakeholders and/or the natural environment that likely would not otherwise have occurred. In an impact performance report, a claim of investor contribution is simply a statement that an approximate amount of investor contribution is expected to occur or has occurred, with an approximate likelihood. Both the amount and likelihood may vary. Report preparers will rarely if ever be able to provide definitive proof. Rather, the suggested "burden of proof" is that for each claim, report preparers present evidence that provides good reason to believe that the claim is more likely true than not. Preparers are encouraged to bear in mind the differences between the amount and likelihood of investor contribution claimed, and the strength of evidence presented to support that claim. For instance, an investor might provide strong evidence that investor contribution is unlikely and will be small in amount if it does occur. Conversely, an investor might provide weak evidence that investor contribution is likely and will be large in amount. Actions and strategies by which the entity pursued investor contribution may be included in "Section 2: Impact Management Approach." Section 3 should focus on the results of those actions for investees and ultimately for stakeholders and the natural environment. Preparers may find the "Positive Investor Contribution Claim Template" developed by Impact Frontiers through the "Investor Contribution 2.0" initiative useful for documenting claims of investor contribution, available at <https://impactfrontiers.org/work/investor-contribution-2.0>.

- Results relative to entities' own targets,²⁵ including how targets were set and, if targets have changed since the prior report, the rationale;
- Results relative to sustainability thresholds,²⁶ including the threshold used, its source, and the rationale for its selection;
- Evidence that the content presented is a faithful representation of the experiences and views of the stakeholders experiencing the impact;
- Indication of connections and relationships between impact performance and financial performance;
- Results across the five dimensions of impact and the associated data categories;*
- For "Enterprise Contribution," include consideration of the likelihood that stakeholders and/or the natural environment would have experienced the same outcome or impact in the absence of the enterprise, along with supporting contextual evidence from stakeholder engagement, market research, impact studies, or other sources.*
- If appropriate, disaggregation of results by stakeholder characteristics (e.g., gender, race/ethnicity, and other social identifiers);²⁷*
- If appropriate, presentation of performance information using standardized thematic taxonomies (e.g., the IRIS+ thematic taxonomy of the Global Impact Investing Network), ESG and responsible investment frameworks (e.g., UN Principles for Responsible Investment, ESG Data Convergence Initiative, ESG Integrated Disclosure Project, Impact Disclosure Taskforce Guidance), and/or metric sets (e.g., those associated with the Global Reporting Initiative (GRI), Harmonized Indicators for Private Sector Operations (HIPSO), the ICMA Harmonized Framework for Impact Reporting, the IRIS+ Catalog of Metrics of the Global Impact Investing Network, Science-Based Targets, and others);*
- Explanations of the following:
 - Definition of terms and metrics used;
 - Data sources, assumptions, calculations, and other methodological notes;²⁸
 - Areas of the report where data and evidence are relatively stronger or weaker;
 - Further detail about the time period(s) to which the reported information corresponds:
 - The time period(s) of the information about stakeholders and/or the natural environment (which may be prior to the reporting period).

25 Targets: Measurable, outcome-oriented, and time-bound goals that the entity or its investees aim to achieve in relation to material impacts, risks, or opportunities. Source: ESRS Glossary, "Targets." Estimation of the proportionate "percentage of impact" associated with the report preparer's investment is not encouraged unless requested by report users.

26 Thresholds: the level or range of an outcome that divides sustainable from unsustainable performance. Source: Impact Management Platform, "Thresholds and Allocations," <https://impactmanagementplatform.org/thresholds-and-allocations/>.

27 For some impact theses in some contexts, disaggregation of data by stakeholder characteristics is strongly recommended to assess differential impacts on different groups. In other cases, this might not be necessary or helpful, and potentially ill-advised as it could compromise the safety of stakeholders. Several respondents suggested gender as a social identifier that could be disaggregated in most or all cases.

28 For guidance on finding adequate data sources and gathering data, see *Impact Evaluation in Practice (Second Edition)* from the World Bank, Part 4: How to Get Data for an Impact Evaluation, p. 259, available at <https://openknowledge.worldbank.org/server/api/core/bitstreams/4659ef23-61ff-5df7-9b4e-89fda12b074d/content>.

- Whether any investments or assets were included or excluded as a result of entering or exiting the portfolio during the reporting period. If relevant, describe whether changes in aggregate portfolio performance arise from changes in performance among existing portfolio companies versus from changes in portfolio composition (i.e., companies being added to or removed from the sample).

3.3. Unintended and/or Negative Outcomes and Impacts

If unintended and/or negative outcomes and impacts are not addressed in Section 3.2., describe them here.²⁹ The term “negative” can refer both to outcomes that are beneath an acceptable or sustainable level or threshold, and to outcomes that worsened significantly during the period. Include those 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.³⁰ Include any links to complaints registries detailing information about the number and nature of complaints received and summarizing the status and outcomes of remediation processes, or similar information about other accountability mechanisms used (see **“4. Governance”** for details).

3.4. Disclaimer

Preparers may include the following type of disclaimer:

“The information on impact performance presented in this section is accurate to the best of our knowledge and reflects our current access to both investee and third-party data. We have taken steps to ensure we do not intentionally or unintentionally inflate positive impact results or under-report negative impacts. However, we acknowledge there are limitations in the quantity and quality of data available. We have identified and explained the effect of these limitations on the presentation of impact performance to the best of our ability.”

29 The Reporting Norms assume that all investees generate both positive and negative impacts on various stakeholders, just as investors themselves generate both positive and negative impacts through their actions. Leaving this section blank suggests that the preparer is unaware of the negative impacts that they and/or their investees may be generating, which itself represents an impact risk (see <https://impactfrontiers.org/norms/five-dimensions-of-impact/impact-risk/>).

30 Preparers who publish an annual Principle Adverse Impact (PAI) Statement in accordance with the EU Sustainable Finance Disclosure Regulation (SFDR) may include a link to their most recent statement here. Preparers are encouraged to consider indicators beyond those mandated by SFDR Level 2 Regulatory Technical Standards.

BOX 4

Note on Portfolio-level Reporting

There are two suggested approaches to portfolio-level reporting, and preparers may use either or both. The first is to report against a common set of metrics across investments. This approach, termed “measurement equivalence” by Canada’s Common Approach to Impact Measurement, is often used by investors focusing on greenhouse gas emissions and/or other aspects of the climate or natural environment.

The second approach is to define what characteristics the impacts have in common with reference to thematic taxonomies, the five dimensions of impact, or other criteria, even if the specific metrics differ by investment. In this approach, which the Common Approach to Impact Measurement terms “construct equivalence,” 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.

Portfolio-wide metrics may take a variety of forms, including but not limited to:

- Totals (i.e., sum of an impact metric across investments)
- Averages and/or medians (i.e., average, weighted average, or median of portfolio companies on an impact metric)
- Measures of inequality, such as inequalities between groups (horizontal inequalities) and between top and bottom performers (vertical inequalities)
- Measures of deprivation (i.e., the portion of a population measuring below a given threshold)
- Percentages (i.e., percentage of stakeholders that meet defined impact criteria)
- “Red-yellow-green”-style indicators where definitions and criteria for each are clearly described

See **Appendix F** for additional guidance on portfolio-level metrics.

4. Governance

Note: This section may not need to be updated unless material changes have occurred since the previous report. If no material changes have occurred, the new report may simply link to or reference this section of a previous report.³¹

4.1. Entity Governance

Describe the governance body(s) (which can include a board-level or internal committee or equivalent body) or individual(s) responsible for oversight of impact for the entity. Specifically, identify that body(s) or individual(s) and disclose information about:

- How responsibilities for impact are reflected in the terms of reference, mandates, role descriptions, and other related policies applicable to that body(s) or individual(s);
 - How the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee impact;
 - How and how often the body(s) or individual(s) is informed about impact;
 - How the body(s) or individual(s) takes impact into account when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with impact risk and return and financial risk and return;
 - How the body(s) or individual(s) oversees the setting of targets related to impact, and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies; and
 - How the body(s) or individual(s) oversees negative/unintended impacts, including any accountability processes and/or fund-level mechanisms that allow stakeholders to communicate concerns and seek redress for adverse impacts (e.g., complaints registries, grievance mechanisms, independent accountability mechanisms; see **Appendix G**).
-

4.2. Diversity, Equity, and Inclusion

Describe the entity's governance framework for diversity, equity, and inclusion (DEI). The Reporting Norms are intended to be used in combination with other reporting mechanisms specifically focused on DEI. Preparers are encouraged to include or reference in their disclosures one or more of the following frameworks, all of which were designed by specialists to assess policies, processes, and performance related to DEI for investors.³²

31 This section is modeled closely on the Governance portion of International Finance Reporting Standards Foundation S1 General Requirements, adapted to refer to the impacts the entity and its investees, rather than sustainability-related financial risks and opportunities. "IFRS – IFRS S1 General Requirements for Disclosure of Sustainability-Related Financial Information," paragraphs 26-27. <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements>.

32 Preparers are encouraged to review "What is DEI" from Rights CoLab, notably the mapping of DEI frameworks on page 4 and the categorization of metrics on pages 7-8. Asset owners and allocators are encouraged to consider the [Due Diligence 2.0 Commitment](#).

- [GIIN's IRIS+ Racial Equity Lens](#)
 - [ILPA Due Diligence Questionnaire \(section 20\) and Diversity Metrics Template](#)
 - [PRI Diversity, Equity, and Inclusion Due Diligence Questionnaire](#)
-

4.3. Parent and Holding Company Governance (if relevant)

If the reporting entity is part of a larger organization, describe any of the larger organization's governance structures and processes related to impact and sustainability that apply to the entity.

5. Case Studies

This section presents in-depth example(s) of the impact performance of the entity's investments.

World Bank guidance on case studies provides helpful framing:

“We use case studies for in-depth consideration of the results of a project or group of projects or to illustrate given points. Case studies are convincing and capture the reader’s attention. But they are not generalizable; a case—no matter how well done—cannot tell you whether it is the only such instance or whether the problem (or success) is widespread.”³³

Case studies should be selected and written in service to the qualitative characteristics of useful information described in “Part 2: Guiding Principles.” Report preparers should strive not to weight, emphasize, deemphasize, or otherwise manipulate the selection or content of case studies to make it more likely that users will receive the report positively or negatively. Guidance on case studies is synthesized from the “Recommended Resources on Case Studies” in **Box 5** below.

Each case study is suggested to include:

- Case study type;
- Selection process and purpose;
- Investee overview and impact thesis, including investor contribution if relevant; and
- Impact performance, analysis, and commentary.

The following sections provide more detail on each.

BOX 5

Recommended Resources on Case Studies

Baškarada, Saša. 2014. “Qualitative Case Study Guidelines.” <https://nsuworks.nova.edu/cgi/viewcontent.cgi?article=1008&context=tqr>.

Better Evaluation. n.d. “Case Study.” <https://www.betterevaluation.org/methods-approaches/approaches/case-study>.

Morra and Friedlander. 1999. “Case Study Evaluations.” World Bank. <http://documents.worldbank.org/curated/en/323981468753297361/Case-study-evaluations>.

U.S. General Accounting Office Program Evaluation and Methodology Division. 1990. “Case Study Evaluations.” <https://www.gao.gov/assets/pemd-10.1.9.pdf>.

Yin, Robert K. 2018. Case Study Research and Applications: Design and Methods. 6th ed. Thousand Oaks, California: Sage Publications.

33 See “Case Study Evaluations” from The World Bank, p. 3, available at https://www.betterevaluation.org/sites/default/files/oed_wp1.pdf.

5.1. Case Study Type

Indicate the type of case study (acknowledging some overlap between types):³⁴

- **Illustrative:** This type of case study is descriptive in character and intended to add realism and depth. It is appropriate for portfolio companies that are able to provide detailed information about impact achieved in the period covered by the report.
- **Exploratory:** This type is also descriptive but is aimed at generating or communicating hypotheses for later investigation, rather than illustrating past results. It is appropriate for portfolio companies whose impacts are untested and/or anticipated in the future.
- **Critical instance:** This type examines a single instance of unique interest or serves as a critical test of an assertion.
- **Cumulative:** This type synthesizes findings from many case studies, for instance aggregating information about an investee or group of investees collected at different times.

5.2. Selection Process and Purpose

Describe the process for selecting the case, the basis for selection, and the question(s) the case study seeks to answer. There are three ways to select a case study. The bases of purpose or probability are generally considered preferable to the basis of convenience:³⁵

- **Convenience:** For instance, because there is only one investment in the portfolio for which sufficient data are available, or for which the company managers have granted permission. Alternately, the report preparer might follow an objective criterion such as selecting the largest investment(s) for presentation in case studies.
- **Probability:** Among all the investments in a portfolio, one or more is selected randomly.
- **Purpose:** When the report preparer has several options and selects one based on what they want to communicate. Within this category, options include but are not limited to:³⁶
 - **Best cases:** “What does a high-impact investment look like? What accounts for its success?”
 - **Worst cases:** “What does an unsuccessful impact investment look like? Why didn’t it work and what can be learned for the future?”

34 Another common type of case study is “implementation.” This would describe the operations and practices by which impact is measured and managed, without describing the resulting impact. If desired, this type of case study could be included in Section 2, Impact Management Practices. To be included in Section 5, a case study would need to describe results achieved, though impact management practices could be described in addition to those results. These types are synthesized from U.S. General Accounting Office Program Evaluation and Methodology Division. 1990. “Case Study Evaluations.” <https://www.gao.gov/assets/pemd-10.1.9.pdf>, as described in: Baškarada, Saša. 2014. “The Qualitative Report Qualitative Case Study Guidelines.” <https://nsuworks.nova.edu/cgi/viewcontent.cgi?article=1008&context=tqr>.

35 Adapted from the U.S. General Accounting Office Program Evaluation and Methodology Division’s methodology transfer paper on case study evaluations. For an illustrative example on selecting instances, see “Case Study Evaluations,” United States General Accounting Office, Program Evaluation and Methodology Division, p. 32, found at https://www.betterevaluation.org/sites/default/files/10_1_9.pdf.

36 In evaluation practice, another common purpose of case studies is to provide an example of a representative or typical program or site. Feedback received during the public consultation is that this purpose is less appropriate for investors, as it is rare that any investment’s impact could be considered typical of the rest of the portfolio. If a preparer desired to present a case study as being representative or typical, this would need to be supported by evidence that the impacts in the rest of the portfolio are similar in all material respects to those in the case study.

- **Cluster:** “How do various types of investment (by size, sector/theme, geography, etc.) compare with one another?”
 - **Special interest:** “In this particular case, what is happening and why?”
-

5.3. Investee Overview and Impact Thesis

Provide an overview of the investee(s) or asset(s) serving as the subject(s) of the case study, including investment description, size, stage, sector, location, and any other organizations relevant to impact creation (e.g., civil society partners, competitors, regulatory bodies). Describe the impact thesis of the investee(s), as well as investor contribution, in a manner consistent with “1.2. Impact Thesis.”

5.4. Impact Performance, Analysis, and Commentary

Present the impacts of the investment in a manner consistent with “3. Impact Performance.”

In addition, describe the process of data collection and analysis for the case study,³⁷ including any calculations or analytical methods used and supporting rationale. Discuss findings and implications, as well as challenges, weaknesses, or limitations of the analysis and areas for further exploration.

³⁷ For more on how data is collected and analyzed for case studies, see “Case Study Evaluations, Chapter 4: Data Collection and Analysis” from the United States GAO, p. 63, found at https://www.betterevaluation.org/sites/default/files/10_1_9.pdf.

6. Independent Review (Optional)

1. If the preparer chose to commission any type of independent review, explain the type chosen and why. (See **Appendix H** for types of independent review.)
2. Include the conclusion of the independent review, if sought.

BOX 6

Recommendations on Visual Design of Impact Performance Reports

Report preparers are encouraged to employ charts, diagrams, and photographs in service of faithful representation of relevant content. Preparers should ensure that visual elements do not distract from or obscure that content. Reports should be visually accessible to diverse users, including through implementation of guidance on accessibility for people with disabilities in relevant jurisdictions.

- **Charts:** Preparers are encouraged to design and format charts in ways that do not emphasize, deemphasize, or otherwise manipulate information in ways that make it more likely that users of the report will receive the information positively or negatively.
- **Colors:** If colors are used, high contrast combinations are preferred, and color alone should not give information. Outside of charts, diagrams, and photographs, black and white is preferred over color for consistency of visual design across reports.
- **Diagrams:** Preparers are encouraged to use diagrams to illustrate impact pathways and system maps, as well as categorizations and processes in general.
- **Tables:** Preparers are encouraged to use tables to present data in a space-efficient way.
- **Icons:** Preparers are encouraged to use icons sparingly if at all.
- **Photography:** Photographs are not a necessary component of impact performance reports, to avoid disadvantaging smaller or emerging fund managers. If desired, preparers are encouraged to use photographs to communicate investment-specific information that would be difficult or impossible to communicate via text; to depict viewpoints that cannot be represented another way; and to enhance report users' understanding of context and stakeholder perspectives.

Use of stock photography and use of photographs to influence the user's affect or mood are discouraged. Ethical standards from documentary photography and visual journalism can help to ensure that use of photographs is respectful of stakeholders, and that photographs support rather than detract from the relevance and faithful representation of the report as a whole.

Preparers are encouraged to identify the sources of all photos, obtain informed consent from subjects, acknowledge the influence of power dynamics (e.g., an investee providing a photo to the asset manager), and include narrative or information from other sources such as interviews, surveys, or research to help users contextualize the photograph (e.g., photos of students of color in a case study on an education investment can be contextualized with demographic data on the total student population being served). See **Appendix I** for further guidance on use of photos.

PART 2:

Guiding Principles

The Reporting Norms leave discretion to report preparers. Part 2 provides guidance to preparers in the exercise of this discretion through a shared understanding of the purposes and users of impact performance reports and of the qualitative characteristics that make reported information useful. Together, Parts 1 and 2 balance standardization and flexibility.

These guiding principles are adapted from the Conceptual Framework on Financial Reporting³⁸ (hereafter “Conceptual Framework”) of the International Accounting Standards Board (IASB), and from the Qualitative Characteristics of Information in the European Sustainability Reporting Standards (ESRS) 1: General Requirements published by the European Financial Reporting Advisory Group (EFRAG).³⁹ (Relevant excerpts from the Conceptual Framework are provided in **Appendix J** for readers previously unfamiliar with it.)

38 The Conceptual Framework codifies the purposes and users of financial reports, and “sets out the fundamental concepts for financial reporting that guide [IASB] in developing International Financial Reporting Standards (IFRS).” Readers are encouraged to review the Conceptual Framework Chapters 1 and 2, and 7.1-7.6 and 7.20-7.22 on Presentation and Disclosure. Impact performance reporting is at a nascent stage as compared with financial reporting. The Reporting Norms begin the process of incorporating elements of the Conceptual Framework alongside existing practices of impact management. This integration can be taken further as the market matures. Reference to the Conceptual Framework is not meant to imply that such reports will provide as complete a view of impact performance as financial statements prepared using the Conceptual Framework and IASB’s standards give of financial performance. IFRS, “Conceptual Framework for Financial Reporting,” 2018, <https://www.ifrs.org/issued-standards/list-of-standards/conceptual-framework/>.

39 See Appendix C of ESRS 1: General Requirements, <https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FsiteAssets%2F06%2520Draft%2520ESRS%25201%2520General%2520requirements%2520November%25202022.pdf/>.

1. Users and Objectives of Impact Performance Reports

The Reporting Norms assume that the primary users of an entity's impact performance report are its providers of capital (i.e., asset owners and allocators). Other users may include policymakers, regulators, civil society organizations, current and prospective employees of the entity, and/or stakeholders affiliated with companies in the entity's portfolio, including managers, employees, suppliers, customers, and local communities.

HIGHLIGHT

The Reporting Norms focus on the needs of asset owners and allocators making decisions about investment and/or engagement in expectation of financial returns and social and/or environmental impact. These primary users seek to understand changes in the well-being of stakeholders and the natural environment caused by the entity and investee enterprises, so that they can make investment and engagement decisions that are informed by the experiences and interests of stakeholders and the natural environment.

Asset owners and allocators may seek to understand a reporting entity's impact for reasons including:

- They believe that the entity's impact influences its financial risks and opportunities;
- They believe that the entity's impact influences the financial risk and opportunity of other entities in which they have invested (including systematic/undiversifiable risk); and/or
- They are intrinsically motivated by impact and are permitted by relevant regulations and by their own capital providers to take impact into account when making decisions.

Report users may need to interpret impact performance reports in light of information that comes from other sources and is not specific to the entity. For instance, information such as scientific thresholds, social norms, and contextual information about stakeholders and the natural environment may all influence users' interpretation of impact.

See **Appendix J-1** for relevant excerpts from the Conceptual Framework about the purposes and users of reports.

2. Characteristics of Useful Information

The following sections interpret the six qualitative characteristics of useful information from the Conceptual Framework in the context of impact performance reporting.

HIGHLIGHT

The Reporting Norms follow the Conceptual Framework in distinguishing between fundamental and enhancing characteristics (emphasis added):

“The fundamental qualitative characteristics are **relevance** and **faithful representation**.

Information must both be relevant and provide a faithful representation of what it purports to represent if it is to be useful. Neither a faithful representation of an irrelevant phenomenon nor an unfaithful representation of a relevant phenomenon helps users make good decisions.

Comparability, verifiability, timeliness and **understandability** are qualitative characteristics that enhance the usefulness of information that both is relevant and provides a faithful representation of what it purports to represent. The enhancing qualitative characteristics may also help determine which of two ways should be used to depict a phenomenon if both are considered to provide equally relevant information and an equally faithful representation of that phenomenon.”⁴⁰

Relevance

“Part 1: Content” lists the types of information that were affirmed as relevant⁴¹ through the public consultation. Report preparers are encouraged to include as much of this information as possible. Preparers may additionally include information relevant to users’ assessment of financial risk and opportunity, for instance as part of an integrated report.⁴²

In practice, report preparers will need to make numerous judgment calls about what information to include and exclude. These may arise for various reasons. For instance:

- Some of the suggested information may not be available;
- Even if all of the suggested information were available, to include it at a high level of disaggregation would overwhelm users; and/or
- Information not listed in “Part 1: Content” may need to be included in particular circumstances.

⁴⁰ IFRS, “Conceptual Framework for Financial Reporting,” Chapter 2.

⁴¹ In financial reporting, a type of information (e.g., a line item in the financial statements, or a description of a company’s business model in the management commentary) is considered relevant if it is generally capable of making a difference in decisions made by report users. In financial reporting standards, standard-setters list the full set of relevant information to be included in a financial report.

⁴² For more, see the Integrated Reporting Framework of the IFRS Foundation, available at <https://integratedreporting.ifrs.org/resource/international-ir-framework/>.

Preparers should rely on the concept of relevance when making these judgment calls. The Reporting Norms follow the Conceptual Framework that “relevant financial information is capable of making a difference in the decisions made by users” and that “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions of primary users.” The Reporting Norms transpose those concepts to the “Users and Objectives of Impact Performance Reports” described in the preceding section.

HIGHLIGHT

Put simply, material information is that which could potentially influence the decisions of or be of interest to the asset owners and allocators reading the report. It is context-specific and will vary depending on the report users, the entity, the impact objective(s) committed to, and the nature and magnitude of impacts on stakeholders and the natural environment. For this reason, the Reporting Norms cannot specify exactly what information, or types of information, will be relevant for any individual report preparer to include.

Information about the significance of impacts to stakeholders is itself relevant. If available information suggests that the impact is either more or less significant to the stakeholder than it is to the preparer or user, this difference in significance will be relevant to note in the report.

Report preparers will need to weigh the benefits of including additional information that may be useful to asset owners and allocators against the risk of including information that is not. Preparers are encouraged to consider the possibility that more information is not always better. The inclusion of unnecessary information obscures readers’ view of useful information and compromises understandability.

HIGHLIGHT

In private markets, report preparers and users are often able to engage one another directly to determine what information would be relevant to users’ decision-making, given the impacts experienced by stakeholders and the natural environment. This discussion may identify opportunities to shorten reports, reducing time and expense.

Faithful Representation

In financial reporting, information provides a faithful representation to the extent that it is complete, neutral, and accurate.⁴³

A complete depiction of impact performance would include the outcomes, impacts, and metrics that are known or could reasonably be expected to be known at the time the report is prepared. It would include both positive and negative impacts, and both intended and unintended impacts, measured as far down the impact pathway as possible.

⁴³ See [Appendix J-3](#) for excerpts from the Conceptual Framework about faithful representation.

A depiction of “impact performance,” as opposed to just “impact,” in principle implies not only a description of an entity’s positive and negative outcomes and/or impacts, but also a consideration of the balance between different kinds of positive and negative impacts in that entity’s particular context, the tradeoffs among them, and the decisions made to manage those impacts.⁴⁴

Complete information is rarely available or cost-effective to obtain. The Conceptual Framework recognizes the cost constraint on reporting.⁴⁵ Judgment is required to gauge how much completeness and granularity is appropriate in light of the cost of obtaining and disclosing the information, the significance of the impacts from the perspective of stakeholders and the natural environment, and the relevance of the information to primary users of the report.

HIGHLIGHT

Consideration of neutrality and accuracy can help report preparers in determining which information is most important to include in a report. A neutral depiction means there is no bias in which information is selected or in the way that information is presented. In the context of financial reporting, the term “bias” refers to slanting, weighting, emphasizing, deemphasizing, or otherwise manipulating the information in the report to make it more likely that users of the report will receive the information positively or negatively. Colloquially, a “neutral” depiction would be one free of “green-washing” or “impact-washing.”

Concepts such as bias and neutrality merit handling with care when preparing reports about social and/or environmental impact. A representation that appears neutral and unbiased to a report preparer or to users may not appear so to others. Report preparers, users, and independent reviewers alike are encouraged to check for bias and neutrality from multiple perspectives, for instance by ensuring that report drafts are reviewed by individuals that can represent the various groups of stakeholders and/or aspects of the natural environment represented in the report.

The Reporting Norms follow the IFRS Foundation’s S1 standard that “some sustainability-related financial information—for example, targets or plans—is aspirational. A neutral discussion of such matters covers both aspirations and the factors that could prevent an entity from achieving these aspirations.”⁴⁶

For impact performance information to be accurate, it does not need to be perfectly precise. Rather, accuracy requires that reported information is free of material misstatement; estimates, approximations, and forecasts are explicitly identified; and estimates are developed through reasonable assumptions and inputs-based information of sufficient quality and quantity.

44 Financial equivalents of “impact performance” might include, for instance, various measures of profitability or return on equity, taking into account both revenues and costs. Entities that strive to estimate a monetary value of their impact could disclose the positive and negative impacts arising from their decisions which would show an impact equivalent of net financial performance. More commonly, entities take stock of positive and negative impacts and form a view of overall impact performance without creating a monetary estimate of impact or netting out negative against positive. The Reporting Norms neither encourage nor discourage estimation of the value of impact to stakeholders in monetary terms. For more, see the “Materiality Files” from Social Value International at <https://www.socialvalueint.org/the-materiality-files>.

45 See Appendix J-3, paragraphs 2.39 – 2.43.

46 IFRS – IFRS S1 General Requirements for Disclosure of Sustainability-Related Financial Information,” paragraphs D13, page 40. <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements/#about>.

Impact claims are more credible when evidenced by data from as close to the stakeholders experiencing impact as possible. While it may not be possible for users or independent reviewers to verify the source data, estimates, or assumptions that underpin the report, preparers can follow consistent and rigorous processes, and the following of those processes can be documented and independently reviewed.

Measurement uncertainty arises for aspects of impact that are difficult to measure and for phenomena such as counterfactuals that are impossible to measure directly. The Reporting Norms follow ESRS 1: General Requirements that:

“The use of reasonable assumptions and estimates, including scenario or sensitivity analysis, is an essential part of preparing sustainability-related metrics and does not undermine the usefulness of the information, provided that the assumptions and estimates are accurately described and explained. Even a high level of measurement uncertainty would not necessarily prevent such an assumption or estimate from providing useful information or meeting the qualitative characteristics of information.”⁴⁷

Public consultation supported the principle of conservatism. This principle encourages report preparers, when information is uncertain or may be presented in various ways, to favor possible understatement over possible overstatement of positive impact, and vice versa for negative impact.

Stakeholder engagement and independent review may help to address challenges in obtaining sufficient completeness, neutrality, and accuracy necessary to inform decision-making by report users.⁴⁸ The stakeholders experiencing the relevant outcomes and impacts are the best source of information about their own needs and preferences, about those outcomes and impacts, and about the relative importance of those outcomes and impacts.⁴⁹ In the case of the natural environment, sources of information may include scientists, technical experts, and local communities who are most proximate to and/or skilled with the measurement and interpretation of environmental phenomena.

Entities engaging directly with stakeholders are also encouraged to consider that engagement may be received as “empowering” or “extractive” – or even perceived as a means towards control or influence – and therefore needs careful consideration. Report preparers are encouraged to refer to written resources⁵⁰ or practitioners with specialist expertise in engaging stakeholders.

When considering whether information in a report is faithfully represented, a useful criterion is whether the stakeholders or aspects of the natural environment experiencing the impact would consider it a faithful representation, in a hypothetical scenario in which they were able to review the report.⁵¹

One way of ensuring faithful representation is to engage stakeholders in the production and/or review of the report. Preparers are encouraged to provide evidence that the content of the report reflects the views of the stakeholders experiencing the impact.

47 ESRS 1: General Requirements, chapter 7, paragraph 92. <https://www.efrag.org/Assets/Download?assetUrl=/sites/webpublishing/SiteAssets/06%252520Draft%252520ESRS%2525201%252520General%252520requirements%252520November%2525202022.pdf>.

48 Independent review is covered under “Verifiability,” in “Section 6. Independent Review,” and in [Appendix H](#). Steps for stakeholder engagement are described in [Appendix D](#).

49 This does not imply that such information is self-reported, nor exclude that it is.

50 For instance, see Chicago Beyond’s guidebook “Why Am I Always Being Researched?” <https://chicagobeyond.org/researchequity/>; resources from MIT D-Lab’s Lean Research initiative <https://d-lab.mit.edu/research/lean-research/lean-research-tools-resources>; and Facilitating Power’s Spectrum of Community Engagement <https://movementstrategy.org/wp-content/uploads/2021/08/The-Spectrum-of-Community-Engagement-to-Ownership.pdf>.

51 This scenario need not always be hypothetical. It is widely considered good practice in impact evaluation to share study results with the participants in the study, both as an equitable practice and as a way of sense-checking those results.

HIGHLIGHT

Expectations of the depth of implementation should be commensurate with fund size to avoid disadvantaging smaller and/or emerging fund managers. Differing levels of data availability in reporting entities' contexts should also be taken into account by report users.

Comparability

The Reporting Norms follow the Conceptual Framework in viewing comparability as an enhancing, rather than fundamental, characteristic of useful information about impact. Information can be relevant and faithfully represented without being comparable.

The Conceptual Framework states:

"Users' decisions involve choosing between alternatives, for example, selling or holding an investment, or investing in one reporting entity or another. Consequently, information about a reporting entity is more useful if it can be compared with similar information about other entities and with similar information about the same entity for another period or another date.

Comparability is the qualitative characteristic that enables users to identify and understand similarities in, and differences among, items. Unlike the other qualitative characteristics, comparability does not relate to a single item. A comparison requires at least two items.

Consistency, although related to comparability, is not the same. Consistency refers to the use of the same methods for the same items, either from period to period within a reporting entity or in a single period across entities. Comparability is the goal; consistency helps to achieve that goal.

Comparability is not uniformity. For information to be comparable, like things must look alike and different things must look different. Comparability of financial information is not enhanced by making unlike things look alike any more than it is enhanced by making like things look different."

(See **Appendix J-4** for further excerpts from Conceptual Framework about comparability.)

HIGHLIGHT

Comparability enables users to find similarities or differences between two items with regard to one or more attributes. Attributes could be ideas or "constructs" such as sectors, geographies, themes, stakeholder characteristics, dimensions of impact, or goals. This is termed "construct equivalence" (see also **Box 4**). At a more granular level, similarities and differences can also be assessed through usage of standardized metrics, termed "measurement equivalence."⁵² Financial accounting and reporting includes elements of both. The emphasis over time has shifted from a focus on measurement equivalence toward a greater emphasis on construct equivalence.⁵³

52 "Creating Flexible Standards: Construct-based equivalence and bounded flexibility," Common Approach to Impact Measurement, <https://www.commonapproach.org/wp-content/uploads/2023/04/FlexibleStandardsBriefing.pdf>

53 See Ruff, K. & Olsen, S. (2016). "The Next Frontier in Impact Measurement isn't Measurement at All": "Current financial standards manage variation with what might be described as bounded flexibility, or choice within limits, coupled with consistency (pick a method and stick to it) and disclosure (fine print gives details on methods used). Different businesses with different strategies in different industries choose different methods for asset valuation, depreciation, and so on, and must disclose the methods they use. Financial statements aren't perfectly comparable. Instead, we expect users to be aware of the different approaches and to understand how different measurement choices affect reported profit and other important numbers. Said differently, today's financial standards achieve some degree of comparability, while allowing variation in measurement, by putting the onus on the user to recognize the significance of different accounting policies." Stanford Social Innovation Review, https://ssir.org/articles/entry/next_frontier_in_social_impact_measurement. See also "Uniformity in Accounting: A Historical Perspective." Barbara Merino and Teddy Coe, Journal of Accountancy, August 1978.

Preparers can enhance comparability and forestall false equivalence in many ways:

- Linking performance to widely used taxonomies of goals or themes (e.g., United Nations' Sustainable Development Goals, Global Impact Investing Network's IRIS+ thematic taxonomy);
- Disaggregating and analyzing data based on stakeholder characteristics;
- Including information across the five dimensions of impact; and
- When applicable, using and referencing standardized metrics.

Comparisons based on only one or two dimensions of impact (for instance, the number of people reached) in the absence of the others (for instance, the degree to which stakeholders were underserved, type and depth of impact on each person, the significance of that impact to them) are unlikely to provide a faithful representation of impact. Unidimensional data about scale of impact prevents users from making comparisons that take stakeholder-specific, contextual, and causal considerations into account.

This challenge is compounded as enterprises and investors understandably tend to include information about the dimensions of impact on which they are relatively stronger than peers and exclude information about the dimensions of impact on which they are not. Users' need for comparability provides a rationale for preparers to report across all the dimensions of impact, not just those that are central to preparers' goals or that cast the preparer in a favorable light.

Finally, reports that follow a consistent structure and format can be more easily compared. Preparers are further encouraged to publish reports in a machine-readable format for users to easily incorporate into their systems.

Verifiability

The Reporting Norms follow ESRS 1: General Requirements that:

“Verifiability helps to give users confidence that information is complete, neutral and accurate. [Impact] information is verifiable if it is possible to corroborate either such information itself or the inputs used to derive it.

Verifiability means that various knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation.”⁵⁴

(See **Appendix J-5** for excerpts from Conceptual Framework about verifiability.)

Direct verification might involve commissioning appropriate research relating to the affected stakeholders and/or aspects of the natural environment. Indirect verification might mean checking the calculations and methods by which source data were aggregated and analyzed. Although some aspects of impact performance may not be directly observable (e.g., counterfactual scenarios), evidence as well as the rationale by which that evidence is used and/or the process of how that information was created can be documented and reviewed.

Installing a fund- or firm-level accountability mechanism, or participating in a mechanism shared with peer institutions, are all ways to collect material information directly from stakeholders to verify that all material

⁵⁴ ESRS 1: General Requirements, Appendix C, paragraphs QC 13-14. <https://www.efrag.org/Assets/Download?assetUrl=/sites/webpublishing/SiteAssets/06%252520Draft%252520ESRS%2525201%252520General%252520requirements%252520November%2525202022.pdf>.

negative impacts have been taken into account. Reporting entities are recommended to follow evolving industry practice,⁵⁵ including establishing effective grievance mechanisms and corresponding complaints registries,⁵⁶ to monitor and verify the impact risk and performance of investees and engage with them to address unexpected events related to impact.

Timeliness

Considerations of timeliness are similar for impact performance reporting as for financial reporting, with the addition that material adverse impacts are best disclosed and responded to promptly to mitigate harm.

Existing standards recommend that investors publish impact performance reports with the same frequency as financial reports.⁵⁷ This would typically be at least annually. In some cases, preparers may determine that a different frequency is appropriate. For many investors, there may not be a need for quarterly impact updates, so long as any material information that arises is communicated in a timely fashion.

(See **Appendix J-6** for excerpts from Conceptual Framework about timeliness.)

Understandability

Clarity and concision make information easier to understand and thus more useful. Concise impact performance reporting does not duplicate information and avoids generic information that is not specific to the preparer.⁵⁸

Preparers are encouraged to strive for understandability, but not at the expense of relevance or faithful representation. This is because faithful representation is a fundamental characteristic of useful information, whereas understandability is an enhancing characteristic. The Reporting Norms follow the Conceptual Framework that:

“Some phenomena are inherently complex and cannot be made easy to understand. Excluding information about those phenomena from financial reports might make the information in those financial reports easier to understand. However, those reports would be incomplete and therefore possibly misleading... At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex [economic] phenomena.”⁵⁹

(See **Appendix J-7** for further excerpts from Conceptual Framework about understandability.)

55 International Finance Corporation. 2021. “Operating Principles for Impact Management,” Principle 5 (referencing the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the IFC Performance Standards) <https://www.impactprinciples.org/sites/default/files/2023-12/Impact%20Principles%20Brochure%202023%20%28English%29.pdf>.

56 Accountability Counsel, <https://www.accountabilitycounsel.org/institution/impact-investing/>. For an example, see the Amfori Supply Chain Grievance Mechanism, <https://www.amfori.org/en/solutions/governance/speak-for-change>.

57 International Finance Corporation. 2021. “Operating Principles for Impact Management,” 6. <https://www.impactprinciples.org/sites/default/files/2021-06/Impact%20Principles%20Brochure%20Revised.pdf>. The United Nations Development Programme. 2020. “SDG Impact Standards for Private Equity Funds.” https://sdgimpact.undp.org/assets/SDG-Impact-Standards-for-Private-Equity-Funds-Version_1_0.pdf.

58 SSB and IFRS Foundation, “IFRS S1,” page 42.

59 IFRS, “Conceptual Framework for Financial Reporting,” 2018, <https://www.ifrs.org/issued-standards/list-of-standards/conceptual-framework/>, paragraphs 2.35 and 2.36.

Clarity requires that enough information be presented to explain context and connections between related information and to provide a complete picture of impact performance. In some cases, users may wish to engage third parties to aid in the interpretation of complex information.

Preparers may wish to consider creating additional summaries suited to the needs of stakeholders and civil society organizations. Preparers or users may seek independent review of these summaries to ensure that the content does not materially differ from that in the impact performance report and is not misleading.

Appendices

Appendix A: Benefits of Using the Reporting Norms

Benefits For Report Preparers

Report preparers benefit from a generally accepted consensus on the expected content of impact performance reports, rather than having to develop their own bespoke approaches. Improved reporting can enhance the confidence of preparers' existing capital providers and help attract future ones. Over successive years of reporting, report preparers will be able to consistently assess their impact performance, learn from experience, improve, and demonstrate that improvement to asset owners and allocators.

To the extent that asset owners and allocators align their expectations on the Reporting Norms, asset managers will also benefit from reduced bespoke reporting needs of individual capital providers. Asset managers newer to impact performance reporting can use the guidelines as an aspirational roadmap to follow as they build their reporting practice. To the extent that reports are shared publicly, preparers will be able to contextualize their performance in the broader market, and benefit from learnings from other successful strategies.

Benefits For Report Users

Report users can expect greater clarity, completeness, and comparability of reports. They can expect a reduction in non-relevant information and reduced bias in the selection and presentation of information. Report users will be able to follow the evolution of preparers' impact performance over time and identify entities with strong current performance as well as entities on a trajectory for strong future impact performance. Impact performance reports prepared following the Reporting Norms will provide a basis for more focused and productive discussions about impact with report preparers. Finally, as uptake increases, report users will be able to compare reporting entities' performance with that of peers and contextualize entities' performance within the report user's portfolio.

Benefits For Independent Reviewers

Independent reviewers – including assurance and verification providers – will benefit from having a generally accepted set of suitable criteria (i.e., the Reporting Norms), developed through a process of public

consultation by a non-profit organization with relevant subject expertise, with which to assess investors' impact performance reports. Independent reviewers will inevitably develop their own internal interpretations, but the Reporting Norms, along with the Supplement on Independent Review, establish common ground for a baseline level of consistency across providers. This will enhance market confidence and help forestall the proliferation of bespoke frameworks with opaque and inconsistent criteria from various providers.

Widespread uptake may lead to greater understanding by investors of types and levels of independent review available, the process, standards, and criteria by which an investor's impact performance report will be assessed, and the expected qualifications of reviewers. That said, the Reporting Norms recognize that individual decisions to seek assurance or verification of reports are best left to report preparers in consultation with report users and other external stakeholders.

Appendix B: Interoperability

The Reporting Norms fill a gap in the system of impact and sustainability standards supporting companies and investors: impact performance reporting from fund managers in private markets to asset owners and allocators. They are non-duplicative of other frameworks, standards, and guidance. Rather, the Reporting Norms leverage complementary work in voluntary impact accounting and measurement at the corporate and investor level as well as jurisdictional disclosure and labelling standards for investors.

Investment labelling regimes such as the European Union's Sustainable Finance Disclosure Regulation (SFDR) and the United Kingdom's Sustainability Disclosure Requirements (SDR) focus on criteria necessary for portfolios to qualify for specific labels. Requirements for investors' disclosure of impact performance are brief and high-level in nature. Those regimes are targeted at a broader audience, including retail investors in publicly listed securities, than are the Reporting Norms. However, the Reporting Norms can serve as a market-tested prototype for more fulsome impact performance reporting by fund managers operating in these regimes.

By contrast, impact disclosure requirements under EU's Corporate Sustainability Reporting Directive (CSRD) are notable for their comprehensiveness. CSRD is targeted at the largest corporate entities in general – not necessarily investors, nor entities that have impact or sustainability mandates – and hence are framed at a corresponding level of generality. The Reporting Norms build upon CSRD's strong foundation in stakeholder engagement by guiding entities to report as far down the “[impact pathway](#)” as possible (i.e., from outputs to outcomes to impacts), and by providing complementary guidance on topics specific to investors such as investor contribution and synthesis of impact performance at the portfolio level. The Reporting Norms could informally serve as application guidance for investors required to report under CSRD, while also promoting consistent and comparable reporting with investors not required to do so.

At the corporate level, voluntary impact accounting and disclosure standards such as those of the Capitals Coalition, the International Foundation for Valuing Impacts, and the Impact Disclosure Taskforce, as well as the Partnership for Carbon Accounting Financials and other climate disclosure standards, promise to significantly improve the quantity and quality of data available to investors on companies' impact performance. The Guidance produced by the Impact Disclosure Taskforce pertains to impact reporting from companies to asset managers, while the Reporting Norms pertain to impact reports from asset managers to asset owners and allocators. The Reporting Norms will enable information about impact to be transmitted through fund managers up the capital chain to inform investment and engagement decision-making by asset owners and allocators.

Another related effort, the impact performance benchmarks of the Global Impact Investing Network, provides data and analytic tools for comparing investment performance on individual indicators within a theme, including against the market, peer groups, and the scale of the social and/or environmental challenge. It provides new and useful information that can be incorporated into impact performance reports, and used to inform data-driven impact targets, impact due diligence, investment management, and exit choices. However, it does not aim to provide guidance on the content of impact performance reports from GPs to LPs.

Lastly, the Reporting Norms make frequent reference to integrated reporting in general, and to the ISSB's Integrated Reporting Framework in particular. The Reporting Norms include footnotes that help users understand how to use the Reporting Norms in combination with all of these resources.

The “gap” in standards, frameworks, and guidance that the Reporting Norms are intended to fill is illustrated by the [System Map for Investors and Financial Institutions](#) (see below) created by the [Impact Management Platform](#).⁶⁰ For context, the System Map “provides a visual representation of the international public good resources for investors and financial institutions to manage their sustainability impacts” and is agreed-upon by the relevant standard-setters. It maps out the uses and intended users of applicable standards and guidance, frameworks and tools, indicators and metrics, and databases. While many areas of the System Map are crowded with resources, the “Communicate” column covering disclosure and reporting is almost entirely blank with no resources focused on disclosing impact performance of investors.

Independent Review

For independent reviewers, the Reporting Norms are designed to serve as suitable criteria against which impact performance reports may be assured, evaluated, or verified. A companion document, [Supplement on Independent Review of Impact Performance Reports](#), aims to address another gap in the System Map: resources on verification, assurance, and certification. This document is designed to be interoperable with the assurance standards of the International Auditing and Assurance Standards Board (IAASB), notably Assurance and Engagements Other Than Audits or Reviews of Historical Information (ISAE3000 (Revised))⁶¹, [Non-Authoritative Guidance on Applying ISAE3000 \(Revised\) to Sustainability and Other Extended Reporting Engagements](#), and the ISSA 5000 standard (forthcoming at the time of writing). The Supplement on Independent Review is equally designed to be interoperable with the [AA1000 Assurance Standard](#) by AccountAbility.

System Map for Investors and Financial Institutions

For a higher-resolution view, visit [Impact Management Platform](https://impactmanagementplatform.org/system-map/), <https://impactmanagementplatform.org/system-map/>.

⁶⁰ The Impact Management Platform is a collaboration between the leading providers of sustainability standards and guidance that are coordinating efforts to mainstream the practice of impact management. Partners in the Platform are working together to promote interoperability between their existing sustainability resources, address gaps, and engage with policymakers and regulators. <https://impactmanagementplatform.org/>.

⁶¹ In August 2023 the IAASB opened consultation on a new draft International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*.

Appendix C: Terms and Definitions

For the purposes of this document, the following terms and definitions apply:

Asset Manager: An entity acting on behalf of clients (i.e., asset owners, allocators, and other capital providers) to manage assets via accounts and/or funds and to make investment decisions. The Reporting Norms assume asset managers are the preparers of impact performance reports.⁶²

Asset Owners and Allocators: Entities that allocate capital to asset managers, who in turn invest that capital in companies, projects, and real assets. They may hold legal title to the assets or may advise those that do. Examples include endowments, family offices, insurance companies, investment consultants, outsourced chief investment officers, pensions, sovereign wealth funds, and wealth management firms. The Reporting Norms group together asset owners, asset allocators, and any other capital providers as users of impact performance reports. Note that an organization may include multiple entities (e.g., funds, divisions, etc.), some of which function as asset managers, and others of which function as asset owners and allocators. Funds-of-funds may function as both preparers and users of impact reports.

Assurance: An engagement in which an assurance practitioner aims to obtain sufficient and appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of intended users other than the report preparer about the subject matter.⁶³

Entity: A clearly defined economic unit that isolates the accounting of certain transactions from other subdivisions or accounting entities. An entity can be a corporation or government agency, as well as a subsidiary within a corporation, a fund, or a special purpose vehicle. The accounting entity must have a separate set of records detailing its assets and liabilities from those of the owner.

Evaluation: A systematic process to determine merit, worth, value, or significance.⁶⁴ In the context of impact evaluations, this may refer more specifically to a systematic effort to measure the net change in outcomes amongst a particular group, or groups, of people, or aspects of the natural environment, that can be attributed to a specific program.⁶⁵ (In this context, attribution refers to whether the change in outcome would likely have occurred in the absence of the program, not to the proportion of the change associated with the program.)

Fund: Shorthand for a pooled investment vehicle that an entity creates to pool money from multiple investors.⁶⁶

Fund-of-Funds: A pooled investment fund that invests in other types of funds. Funds of funds may be report preparers, report users, or both. The Reporting Norms were designed primarily to guide impact performance reporting by entities that invest in operating companies and assets rather than in financial intermediaries, hence they may not be sufficient for use by funds of funds.

⁶² Independent report preparers may also benefit from these Norms.

⁶³ "ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information." International Auditing and Assurance Standards Board, 2013, https://www.ifac.org/_flysystem/azure-private/publications/files/ISAE%203000%20Revised%20-%20for%20IAASB.pdf.

⁶⁴ "What is Evaluation?" American Evaluation Association, <https://www.eval.org/Portals/0/What%20is%20evaluation%20Document.pdf>.

⁶⁵ "Principles for Impact Evaluation, International Initiative for Impact Evaluation," <https://www.3ieimpact.org/sites/default/files/principles-for-ie.pdf>.

⁶⁶ <https://www.sec.gov/education/glossary/jargon-z#PIV>

Impact: The effect of entities' actions on people and/or the natural environment over the short-, medium-, and long-term.⁶⁷ For avoidance of doubt, in the Reporting Norms, the term "impact" implies a change in outcomes caused by an entity. In contrast, an outcome is a level of well-being⁶⁸ experienced by people and/or the condition of the natural environment, which may or may not be caused by factors other than the entity.

Impact Pathway: The impact pathway describes the link between entities' inputs, activities, and outputs with their effects on people and the natural environment – that is, their outcomes and impacts.⁶⁹ The impact pathway may also be referred to as the "chain of outcomes," "outcomes chain," "results chain," or "theory of change." As a shorthand, this document sometimes uses the phrase "as far down the impact pathway as possible." This means as far as possible down the sequence leading from inputs, activities, and outputs to outcomes and impacts.

Impact Performance Report: A report on the impacts of an entity. It may also include information about relevant goals, practices, and other contextual information.

Impact Thesis: An entity's strategy for delivering on one or a range of impact objectives for an investment or a portfolio of investments. An investor's impact thesis should include both the desired enterprise impacts on people and the natural environment and the investor's contribution to that impact. Implicit in a portfolio-level impact thesis is that the investor has discretion on the portfolio construction, investment selection, and engagement process for that impact strategy, and that the impact thesis applies to all of the investments in the portfolio rather than a subset.

Independent Reviewers: An individual or a group independent of the report preparer that is engaged in increasing the confidence of the user in the reported information.

Input: The resources and relationships that entities draw upon for their business activities, as well as the contextual elements that define their business activities.⁷⁰

Investee: The project, company, real asset, or fund receiving capital to finance its business activities (e.g., operations and design, production, and sales of products or services).⁷¹

Investor: A person, entity, or government that puts money into another entity.⁷² In the Reporting Norms, the term investor refers to both asset managers (across asset classes) as well as asset owners.

Limited Assurance: An assurance engagement that is less intensive and less costly than reasonable assurance (see below), but that also results in a lower level of confidence in the resulting conclusion. For a limited assurance engagement, the conclusion is worded so that instead of reading "in my opinion, this report is X," it reads "during the course of my work I have found nothing to suggest that this report is not X."⁷³

67 The Platform previously published the following definition of impact: "A change in an aspect of people's well-being or the condition of the natural environment caused by an organization." The new definition was chosen for simplicity, but Platform notes that the two definitions are intended to be substantively equivalent. Impact Management Platform, "Key terms and concepts: Impact," <https://impactmanagementplatform.org/terms-and-concepts/>.

68 Well-being defined as in OECD Well-being Framework.

69 Impact Management Platform, "Impact and the impact pathway," <https://impactmanagementplatform.org/impact/#impact-pathway>.

70 Impact Management Platform, "Input," <https://impactmanagementplatform.org/terms-and-concepts/>.

71 Global Impact Investing Network, "COMPASS: The Methodology for Comparing and Assessing Impact," The GIIN, <https://thegiin.org/research/publication/compass-the-methodology-for-comparing-and-assessing-impact/>.

72 Cambridge Dictionary, "Investor," <https://dictionary.cambridge.org/us/dictionary/english/investor>.

73 <https://www.icaew.com/technical/audit-and-assurance/assurance/what-is-assurance>.

Logic Model: A structured table that links inputs and activities to measurable outputs and outcomes.⁷⁴ Can be a tool to represent an impact pathway, impact thesis, or theory of change.

Material: Information is considered material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users make on the basis of the reported information.⁷⁵ The concept of materiality is interpreted in the context of impact reporting under “Relevance.”

Metric: A standard of measurement. Metrics are used to measure the state of something at a point in time. Repeated measurement makes it possible to determine change over time.⁷⁶

Misstatement: A difference between the subject matter information (in this context, impact performance information) and the appropriate measurement or evaluation of the underlying subject matter in accordance with the criteria. Misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions.⁷⁷

Norm: Something that is usual or typical; a pattern of social behavior that is typical or expected of a group.⁷⁸ In this context, the term “norm” was chosen to imply something less prescriptive, uniform, and binding than a “standard.”

Outcome: The Impact Management Platform recognizes two usages of this term, without preference for either: 1) A change or event resulting from entities’ activities and outputs, providing a causal link between the activities/outputs and their impact(s) on people and/or the natural environment; or 2) The level of well-being experienced by people or condition of the natural environment that results from the actions of the entity, as well as from external factors.^{79,80} Although usage 2 is used throughout the Reporting Norms, preparers may use either definition in their impact performance reports and are encouraged to disclose the definition used.

Output: The direct result of entities’ activities, including products, services, and by-products.⁸¹

Reasonable Assurance: An assurance engagement in which the assurance practitioner or internal committee reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis of the practitioner’s conclusion. The conclusion is expressed in a form that conveys opinion on the outcome of the measurement or evaluation of the underlying subject matter (i.e., an impact performance report) against suitable criteria (e.g., a reporting standard, or the Reporting Norms in the absence of a standard).⁸²

Stakeholder: An individual or aspect of the natural environment that can reasonably be expected to be significantly affected by the entity’s activities, products, and services, or whose actions can reasonably be expected to affect the ability of the entity to successfully implement its strategies and achieve its objectives.⁸³

74 Organization for Economic Co-operation and Development, “Glossary of Key Terms in Evaluation and Results Based Management,” n.d., https://www.oecd-ilibrary.org/development/glossary-of-key-terms-in-evaluation-and-results-based-management-for-sustainable-development-second-edition_632da462-en-fr-es.

75 IASB, “ISAE 3000 (Revised).”

76 Impact Management Platform, “Metrics,” <https://impactmanagementplatform.org/terms-and-concepts/>.

77 IASB, “ISAE 3000 (Revised).”

78 Adapted from Oxford languages.

79 Impact Management Platform, “Outcome,” <https://impactmanagementplatform.org/terms-and-concepts/>.

80 Learn more on the two usages [here](#).

81 Impact Management Platform, “Output,” <https://impactmanagementplatform.org/terms-and-concepts/>.

82 IASB, “ISAE 3000 (Revised).”

83 Impact Management Platform, “Key terms and concepts: Stakeholder.” <https://impactmanagementplatform.org/terms-and-concepts/>. IMP definition based on underlying work from: Global Reporting Initiative (GRI); OECD Due Diligence Guidance for Responsible Business Conduct; OECD Well-being Framework; Value Reporting Foundation (VRF) Integrated Reporting Framework).

These include (but are not limited to) clients/end-beneficiaries, entity management and staff, suppliers, and affected local people and communities (including marginalized and vulnerable groups). These may also include non-governmental organizations, civil society organizations, governmental entities, and other groups insofar as they faithfully represent affected stakeholders.⁸⁴ In this context, the entities' capital providers are not included as stakeholders, as it would be inappropriate for the entity to report on its impacts on capital providers to those same capital providers. For avoidance of doubt, the term "stakeholder" is intended to emphasize reports' inclusion of stakeholders that are experiencing outcomes below social or environmental thresholds (i.e., below acceptable levels), and stakeholders that have relatively little power, status, or voice, and whose interests are thus at greatest risk of not being taken into account in users' decision-making.

Targets: Measurable, outcome-oriented, and time-bound goals that the entity or its investees aim to achieve in relation to material impacts, risks, or opportunities. They may be set voluntarily by the entity or investees or derive from legal requirements.⁸⁵ Targets are distinct from thresholds as defined below.

Theory of Change: A theory of change explains how the activities undertaken by an intervention (such as a project, program, or policy) contribute to a chain of results that lead to the intended or observed impacts. Other labels include: "results chain," "program theory," "outcome mapping," "impact pathway" and "investment logic."⁸⁶

Thresholds: In this context, the term "thresholds" refers specifically to the level or range of an outcome that divides sustainable from unsustainable performance. These ranges are set with reference to social norms or planetary limits that have been identified through scientific research. Thresholds are critical contextual reference points for entities assessing whether an outcome is sustainable or unsustainable. They are distinct from other types of targets that entities might set themselves which are not explicitly linked to a scientific assessment of what constitutes a sustainable outcome.⁸⁷

Well-being: The state of being or doing well in life; happy, healthy, or prosperous condition; moral or physical welfare. The OECD Well-being Framework states that the 11 dimensions of well-being are comprised of the outcomes that matter most to people.⁸⁸

84 Adapted from "Engaging All Affected Stakeholders," World Economic Forum, 2017. <https://socialvalueuk.org/wp-content/uploads/2023/01/WEF-Engaging-all-affected-stakeholders-AG3-December-2017-4.pdf>.

85 ESRS Glossary, "Targets."

86 Better Evaluation, "Describe the theory of change," <https://www.betterevaluation.org/frameworks-guides/managers-guide-evaluation/scope-evaluation/describe-theory-change>.

87 Impact Management Platform, "Impact Pathway," <https://impactmanagementplatform.org/terms-and-concepts/>.

88 Impact Management Platform, "Well-being," <https://impactmanagementplatform.org/terms-and-concepts/>.

Appendix D: Guidance on Stakeholder Engagement

Establishing best practices for the process of stakeholder engagement is beyond the scope of the Reporting Norms. Preparers are encouraged to directly consult the resources in the box below for guidance on stakeholder engagement tailored to investors and enterprises.

Nothing in the Reporting Norms is intended to supersede these resources. Rather, a brief and non-authoritative synthesis of process recommendations from these resources is included here to assist investors undertaking stakeholder engagements.

Steps For Engaging Stakeholders

The process of direct stakeholder engagement begins with identifying or mapping stakeholders. This includes anyone that can affect or be affected by the entity. The list will likely need to be revised as the analysis progresses. As stakeholders are involved in discussions, they may identify additional stakeholder groups or segments within groups.

Once stakeholders are identified, the engaging entity prioritizes which stakeholders to engage with. This prioritization can be based on the likely influence of the stakeholders on the entity's activities, which stakeholders are experiencing the most significant effects, which stakeholders may be adversely impacted by an entity's activities, and how many stakeholders need to be included to comprise a representative sample.

Next, the entity will determine how and when to directly engage with the selected stakeholders, including which qualitative and/or quantitative research methods are most appropriate and feasible. Potential qualitative research methods can include focus groups, interviews, and surveys. It is recommended to choose the method that will best suit the given stakeholder group (taking into account language and other potential barriers), and to use open questioning that allows stakeholders the opportunity to disclose unexpected information. Quantitative methods can include controlled observations or surveys, and frequency of data collection can be determined based on circumstances and resource capacity. Different engagement tools may be used for different stakeholders.

Once the results of stakeholder engagement are gathered, communicating these results back to stakeholders and explaining how learnings will be implemented can help establish trust and accountability. This can influence the ongoing success of stakeholder engagement.

Preparers and investees can refer to the resources below for more specific guidance. Developing a systematic approach to stakeholder engagement and codifying it in a planning document or policy can help clarify roles and expectations, improve efficiency, and minimize demands on stakeholders.

In general, the investee would be the entity best positioned to engage with its stakeholders, with investors playing a supporting role in ensuring that stakeholder engagement happens with appropriate frequency and intensity, in ways that are not perceived as extractive by the stakeholders themselves, and that are coordinated rather than duplicative across investors.

BOX 7

Resources for Guidance on Stakeholder Engagement

Capitals Coalition. "Social & Human Capital Protocol." https://capitalscoalition.org/wp-content/uploads/2021/01/Social_and_Human_Capital_Protocol.pdf.

Global Reporting Initiative. "GRI 3: Material Topics 2021," 2021. <https://www.globalreporting.org/pdf.ashx?id=12453>.

Social Value International. "Standard on Applying Principle 1: Involve Stakeholders." <https://static1.squarespace.com/static/60dc51e3c58aef413ae5c975/t/60f058babaa9e46167496599/1626364102534/Standard-for-applying-Principle-1.pdf>.

The United Nations Development Programme. "SDG Impact Standards for Private Equity Funds," 2020. https://sdgimpact.undp.org/assets/SDG-Impact-Standards-for-Private-Equity-Funds-Version_1_0.pdf.

World Economic Forum. "Engaging All Affected Stakeholders Guidance for Investors, Funders, and Organizations," 2017. <https://socialvalueuk.org/wp-content/uploads/2023/01/WEF-Engaging-all-affected-stakeholders-AG3-December-2017-4.pdf>.

Appendix E: Reporting Options and Examples

Preparers have discretion over the formatting and organization of impact performance information. The examples below are not exhaustive or prescriptive; rather, they are intended to help preparers visualize various reporting options.

Option 1: Investment-by-Investment Reporting

Report on every investee or asset individually.

Example 1

INVESTE NAME	(A) MATERIAL OUTCOMES			(B) METRICS	(C) BASELINE	(D) TARGET	(E) THRESHOLD	(F) PERFORMANCE		
	OUTCOME	NAME OF METRIC	RATIONALE	YEAR	YEAR			2 YEARS PRIOR	PRIOR YEAR	CURRENT YEAR
Company X	Outcome 1	Metric								
	Outcome 2	Metric								
Company Y	Outcome 3	Metric								
		Metric								
	Outcome 4	Metric								
Company Z	Outcome 5	Metric								
	Outcome 6	Metric								
...	Outcome 7	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 may also choose to segment the portfolio by sector, industry, or impact theme.

Example 1

MATERIAL OUTCOMES	METRICS		BASELINE	TARGET	THRESHOLD	PERFORMANCE			SIGNIFICANT INVESTEEs
	NAME OF METRIC	RATIONALE	YEAR	YEAR		2 YEARS PRIOR	PRIOR YEAR	CURRENT YEAR	
Outcome 1	Metric 1.1								
Outcome 2	Metric 2.1								
	Metric 2.2								
Outcome 3	Metric 3.1								

Example 2

SECTOR	% OF PORTFOLIO	MATERIAL OUTCOMES	METRICS		BASELINE	TARGET	THRESHOLD	PERFORMANCE			SIGNIFICANT INVESTEEs
			NAME OF METRIC	RATIONALE	YEAR	YEAR		2 YEARS PRIOR	PRIOR YEAR	CURRENT YEAR	
Sector X		Outcome 1	Metric								
		Outcome 2	Metric								
Sector Y		Outcome 1	Metric								
			Metric								
		Outcome 2	Metric								
Sector Z		Outcome 1	Metric								

Example 3

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.

Example 1

MATERIAL OUTCOMES	METRICS		BASELINE	TARGET	THRESHOLD	PERFORMANCE		
	CRITERIA FOR METRIC INCLUSION	SPECIFIC METRICS INCLUDED	YEAR	YEAR		2 YEARS PRIOR	PRIOR YEAR	CURRENT YEAR
Outcome 1		Metric 1.1						
		Metric 1.2						
		Metric 1.3						
Outcome 2		Metric 2.1						
		Metric 2.2						
		Metric 2.3						
		Metric 2.4						
		Metric 2.5						
Outcome 3		Metric 3.1						
		Metric 3.2						




Example 2

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”]

Appendix F: Examples of Portfolio-level Metrics

The following table presents illustrative examples of portfolio-level metrics:

	TOTAL IMPACTS	% OF PORTFOLIO	AVERAGE PERFORMANCE
 WHAT	Total reduction in GHG emissions	% of portfolio invested in SDG 1	Average increase in low-income stakeholder wages
 WHO	# of formerly unemployed women now earning a living wage	% of portfolio invested in low-income communities	Average level below poverty line of target stakeholders at baseline
 CONTRIBUTION	\$ invested in growing new or undersupplied capital markets	% of portfolio engaged actively	Average size of flexible investments

Note that some metrics include multiple dimensions of impact. For example, in the WHO, # of formerly-unemployed women now earning a living wage also includes an element of HOW MUCH – the living wage – and an element of enterprise contribution because the enterprise is causing a change in outcome for the women. It is common and encouraged to have multiple dimensions of impact in one metric. Note that some of these metrics show a level (outcome), and some of them show a change (impact).

Appendix G: Effectiveness Criteria for Non-Judicial Grievance Mechanisms

Principle 31 of The UN Guiding Principles on Business and Human Rights states that to be effective, non-judicial grievance mechanisms should be:⁸⁹

- a. Legitimate: enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes;
- b. Accessible: being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access;
- c. Predictable: providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation;
- d. Equitable: seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms;
- e. Transparent: keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake;
- f. Rights-compatible: ensuring that outcomes and remedies accord with internationally recognized human rights;
- g. A source of continuous learning: drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms;

Operational-level mechanisms should also be:

- h. Based on engagement and dialogue: consulting the stakeholder groups for whose use they are intended on their design and performance and focusing on dialogue as the means to address and resolve grievances.

⁸⁹ United Nations Human Rights Office of the High Commissioner, "Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework," 2011.

Appendix H: Introduction to Independent Review

The Reporting Norms are not intended to encourage nor discourage any individual report preparer from seeking independent review. The report preparer bears primary responsibility for ensuring the suitability of the report for the purposes of the user.

Two types of independent report review are:⁹⁰

- Assurance: Conclusion provides confidence that statements made in the impact performance report are accurate and fairly presented in all material respects.⁹¹
 - Verification: Conclusion provides an opinion about the degree to which the Reporting Norms have been followed.
-

Impact evaluations can serve as an input into high-quality impact performance reporting. However, impact evaluators are not providers of independent review. Evaluators review impact performance rather than reviewing the report itself. When an independent impact evaluation is commissioned, the report preparer can either use the information from the evaluation to prepare their own impact performance report, or the evaluation itself can constitute the performance report – providing it adheres to the Reporting Norms. In this instance, the report can be termed an “independent impact performance report.”

These services may be combined by preparers. For instance, if the results of an independent impact evaluation were included in an impact performance report, an assurance provider would assess whether the statements in the report are supported by the evidence provided in the evaluation. Additional services – such as certification, rating, and scoring, among others – may be layered on top of these.

A companion document provides a set of suggested questions that independent reviewers can use to test asset managers’ impact performance reports against the Reporting Norms. These suggested questions are not intended to be used on a standalone basis but rather in combination with existing assurance standards such as those of AccountAbility and the International Auditing and Assurance Standards Board.^{92,93} The

90 Note that there is not widespread agreement about standardized terms and definitions to describe the various types of independent review. Both formal regulations and informal norms around assurance and other forms of independent review vary significantly by country. There is another type, agreed-upon procedures, for which the reviewer issues a report of findings based on specific procedures performed. To learn more about Agreed-Upon Procedures, see “Agreed-Upon Procedures Engagements” from the International Federation of Accountants (IFA), <https://www.ifac.org/knowledge-gateway/supporting-international-standards/publications/agreed-upon-procedures-engagements-0>.

91 To learn more about assurance in general, see “What is assurance?” and related resources from the Institute of Chartered Accountants of England and Wales (ICAEW), <https://www.icaew.com/technical/audit-and-assurance/assurance/what-is-assurance>. See also “A buyer’s guide to assurance on non-financial information,” co-authored by ICAEW and the World Business Council for Sustainable Development, <https://www.wbcsd.org/Programs/Redefining-Value/Making-stakeholder-capitalism-actionable/Assurance-Internal-Controls/Resources/A-buyer-s-guide-to-assurance-on-non-financial-information>.

92 It is recommended that the assurance engagements follow the procedures outlined in Assurance and Engagements Other Than Audits or Reviews of Historical Information (ISAE3000 (Revised) and Non-Authoritative Guidance on Applying ISAE3000 (Revised) to Sustainability and Other Extended Reporting Engagements by the IAASB), and/or AccountAbility’s AA1000 standard. These are referenced as they are the ones most commonly used globally in assurance of sustainability and other non-financial information, according to “Current State of Assurance on Sustainability Reports,” Sunita Rao, The CPA Journal, 2017, <https://www.cpajournal.com/2017/07/26/current-state-assurance-sustainability-reports/>.

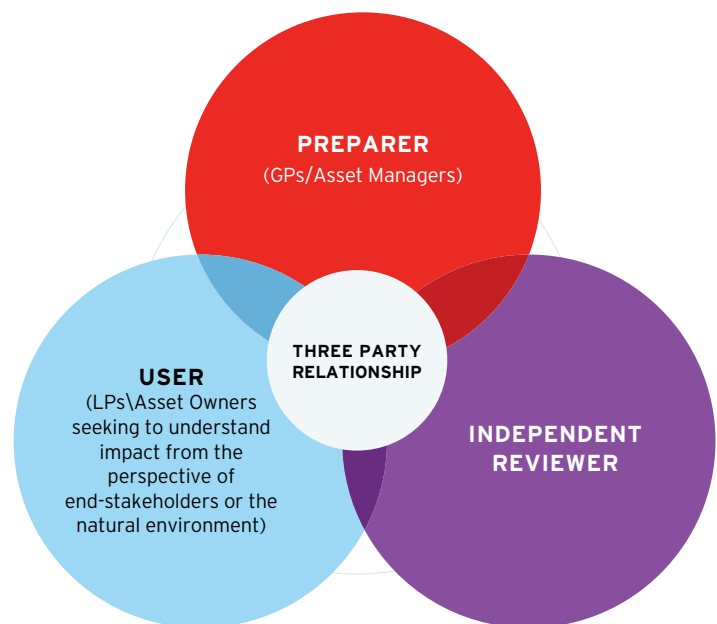
93 We are also exploring interoperability with ISO 17021 (Conformity assessment – Requirements for bodies providing audit and certification of management systems Part 1: Requirements, Part 3: Competence requirements for auditing and certification of quality management systems), ISO 17029 (Conformity assessment – General principles and requirements for validation and verification bodies), and the forthcoming ISO 14019-1 (Validation and verification of sustainability information – Part 1: General principles and requirements).

benefits to report preparers and report users of independent reviewers using those standards includes confidence that the reviewer is adhering to codes of ethics and quality control, and guidance on when conditions for independent review have been met, among others.

The Reporting Norms assume a three-party relationship between the preparer of the report, the user of the report, and the independent reviewer.⁹⁴ The report preparer is responsible for providing information relevant to or for the benefit of report users. It is the preparer's role to provide accurate information to the best of their reasonable knowledge and ability. The independent reviewer assesses the information provided by the preparer in reference to specified criteria (in this case, the Reporting Norms) in order to provide a conclusion about the report to the user.

The frequency of independent review can vary. For example, all sections of a report might be reviewed independently in one year, while the next year only selected sections might be assured. Alternatively, while impact performance reports are published once a year, independent review could be done less frequently (for instance every two or three years). Since independent review is intended to increase the reliability of reported information for the user, preparers are encouraged to consult with the users of the impact performance report to understand their needs and expectations.

The Reporting Norms may also be used by external impact report preparation services. In this case, the entity commissioning the report retains ultimate responsibility for the report. In addition, the external provider would be unable to perform assurance or verification services for the entity.



94 The Institute of Chartered Accountants in England and Wales. 2019. "Three-Party Relationship." <https://www.icaew.com/technical/audit-and-assurance/assurance/process/scoping/what-is-feasible/three-party-relationship>.

Appendix I: Guidance on the Use of Photos

Photos can be particularly useful sources of data in the following circumstances:⁹⁵

- When the preparer is documenting a wide range of activities;
- When affected stakeholders cannot participate in other forms of data collection (e.g., children, participants with low literacy levels, participants with disabilities, participants facing language barriers);
- When investment objectives are abstract and difficult to articulate with words;
- When the subject of evaluation is highly visual (e.g., arts programs);
- When physical location is contextually important;
- When photography is used as a mode of participatory data collection (e.g., auto-photography);
- When an investment leads to visual changes over time.

Photos can be considered a representation of the photographer's view, rather than a source of objective truth.⁹⁶

BOX 8

The National Press Photographers Association Code of Ethics

Visual journalists and those who manage visual news productions are accountable for upholding the following standards in their daily work:

1. Be accurate and comprehensive in the representation of subjects.
2. Resist being manipulated by staged photo opportunities.
3. Be complete and provide context when photographing or recording subjects. Avoid stereotyping individuals and groups. Recognize and work to avoid presenting one's own biases in the work.
4. Treat all subjects with respect and dignity. Give special consideration to vulnerable subjects and compassion to victims of crime or tragedy. Intrude on private moments of grief only when the public has an overriding and justifiable need to see.
5. While photographing subjects do not intentionally contribute to, alter, or seek to alter or influence events.
6. Editing should maintain the integrity of the photographic images' content and context.
7. Do not manipulate images or add or alter sound in any way that can mislead viewers or misrepresent subjects.
8. Do not pay sources or subjects or reward them materially for information or participation.
9. Do not accept gifts, favors, or compensation from those who might seek to influence coverage.
10. Do not intentionally sabotage the efforts of other journalists.
11. Do not engage in harassing behavior of colleagues, subordinates or subjects and maintain the highest standards of behavior in all professional interactions.

Source: <https://nppa.org/resources/code-ethics>

95 Kallemeyn, Leanne M. (June 27, 2018). "Expanding the Role of Digital Photographs in Evaluation Practice: Documenting, Sense-Making, and Imagining." *Canadian Journal of Program Evaluation* 33, no. 1. <https://doi.org/10.3138/cjpe.31106>.

96 Harper, D. (2003). *Reimagining visual methods: Galileo to Neuromancer*. In N.K. Denzin & Y.S. Lincoln (Eds.), *Collecting and interpreting qualitative materials* (2nd ed., pp. 107-154). Thousand Oaks, CA: SAGE Publications.

Appendix J: Excerpts from the Conceptual Framework for Financial Reporting

Appendix J-1: Users and Objectives of General Purpose Financial Reports

1.2. The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions relating to providing resources to the entity.

1.3. The decisions described in paragraph 1.2 depend on the [financial] returns that existing and potential investors, lenders and other creditors expect.

1.4. To make the assessments described in paragraph 1.3, existing and potential investors, lenders and other creditors need information about: (a) the economic resources of the entity, claims against the entity and changes in those resources and claims; and (b) how efficiently and effectively the entity's management and governing board have discharged their responsibilities to use the entity's economic resources.

1.5. Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial reports for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial reports are directed.

1.6. General purpose financial reports do not and cannot provide all of the information that existing and potential investors, lenders and other creditors need. Those users need to consider pertinent information from other sources, for example, general economic conditions and expectations, political events and political climate, and industry and company outlooks.

1.7. General purpose financial reports are not designed to show the value of a reporting entity; but they provide information to help existing and potential investors, lenders and other creditors to estimate the value of the reporting entity.

1.8. Individual primary users have different, and possibly conflicting, information needs and desires. The Board, in developing Standards, will seek to provide the information set that will meet the needs of the maximum number of primary users. However, focusing on common information needs does not prevent the reporting entity from including additional information that is most useful to a particular subset of primary users.

1.9. To a large extent, financial reports are based on estimates, judgments, and models rather than exact depictions. The Conceptual Framework establishes the concepts that underlie those estimates, judgments, and models. The concepts are the goal towards which the Board and preparers of financial reports strive. As with most goals, the Conceptual Framework's vision of ideal financial reporting is unlikely to be achieved in full, at least not in the short term, because it takes time to understand, accept and implement new ways of analysing transactions and other events. Nevertheless, establishing a goal towards which to strive is essential if financial reporting is to evolve so as to improve its usefulness.

Appendix J-2: Relevance

2.6. Relevant financial information is capable of making a difference in the decisions made by users. Information may be capable of making a difference in a decision even if some users choose not to take advantage of it or are already aware of it from other sources.

2.7. Financial information is capable of making a difference in decisions if it has predictive value, confirmatory value or both.

2.11. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial reports make on the basis of those reports, which provide financial information about a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity's financial report. Consequently, the Board cannot specify a uniform quantitative threshold for materiality or predetermine what could be material in a particular situation.

Appendix J-3: Faithful Representation

2.12. Financial reports represent economic phenomena in words and numbers. To be useful, financial information must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent.

2.13. To be a perfectly faithful representation, a depiction would have three characteristics. It would be complete, neutral and free from error. Of course, perfection is seldom, if ever, achievable. [IASB's] objective is to maximise those qualities to the extent possible.

2.14. A complete depiction includes all information necessary for a user to understand the phenomenon being depicted, including all necessary descriptions and explanations.

2.15. A neutral depiction is without bias in the selection or presentation of financial information. A neutral depiction is not slanted, weighted, emphasised, de-emphasised or otherwise manipulated to increase the probability that financial information will be received favourably or unfavourably by users. Neutral information does not mean information with no purpose or no influence on behaviour. On the contrary, relevant financial information is, by definition, capable of making a difference in users' decisions.

2.16. Neutrality is supported by the exercise of prudence. Prudence is the exercise of caution when making judgements under conditions of uncertainty. The exercise of prudence means that assets and income are not overstated and liabilities and expenses are not understated.

2.18. Faithful representation does not mean accurate in all respects. Free from error means there are no errors or omissions in the description of the phenomenon, and the process used to produce the reported information has been selected and applied with no errors in the process. In this context, free from error does not mean perfectly accurate in all respects. For example, an estimate of an unobservable price or value cannot be determined to be accurate or inaccurate. However, a representation of that estimate

can be faithful if the amount is described clearly and accurately as being an estimate, the nature and limitations of the estimating process are explained, and no errors have been made in selecting and applying an appropriate process for developing the estimate.

2.19. When monetary amounts in financial reports cannot be observed directly and must instead be estimated, measurement uncertainty arises. The use of reasonable estimates is an essential part of the preparation of financial information and does not undermine the usefulness of the information if the estimates are clearly and accurately described and explained. Even a high level of measurement uncertainty does not necessarily prevent such an estimate from providing useful information.

2.21. The most efficient and effective process for applying the fundamental qualitative characteristics would usually be as follows (subject to the effects of enhancing characteristics and the cost constraint, which are not considered in this example). First, identify an economic phenomenon, information about which is capable of being useful to users of the reporting entity's financial information. Second, identify the type of information about that phenomenon that would be most relevant. Third, determine whether that information is available and whether it can provide a faithful representation of the economic phenomenon. If so, the process of satisfying the fundamental qualitative characteristics ends at that point. If not, the process is repeated with the next most relevant type of information.

2.22. In some cases, a trade-off between the fundamental qualitative characteristics may need to be made in order to meet the objective of financial reporting, which is to provide useful information about economic phenomena. For example, the most relevant information about a phenomenon may be a highly uncertain estimate. In some cases, the level of measurement uncertainty involved in making that estimate may be so high that it may be questionable whether the estimate would provide a sufficiently faithful representation of that phenomenon. In some such cases, the most useful information may be the highly uncertain estimate, accompanied by a description of the estimate and an explanation of the uncertainties that affect it. In other such cases, if that information would not provide a sufficiently faithful representation of that phenomenon, the most useful information may include an estimate of another type that is slightly less relevant but is subject to lower measurement uncertainty. In limited circumstances, there may be no estimate that provides useful information. In those limited circumstances, it may be necessary to provide information that does not rely on an estimate.

2.39. Cost is a pervasive constraint on the information that can be provided by financial reporting. Reporting financial information imposes costs, and it is important that those costs are justified by the benefits of reporting that information. There are several types of costs and benefits to consider.

2.40. Providers of financial information expend most of the effort involved in collecting, processing, verifying and disseminating financial information, but users ultimately bear those costs in the form of reduced returns. Users of financial information also incur costs of analysing and interpreting the information provided. If needed information is not provided, users incur additional costs to obtain that information elsewhere or to estimate it.

2.41. Reporting financial information that is relevant and faithfully represents what it purports to represent helps users to make decisions with more confidence. This results in more efficient functioning of capital markets and a lower cost of capital for the economy as a whole. An individual investor, lender or other creditor also receives benefits by making more informed decisions. However, it is not possible for general purpose financial reports to provide all the information that every user finds relevant.

2.42. In applying the cost constraint, the Board assesses whether the benefits of reporting particular information are likely to justify the costs incurred to provide and use that information. When applying the cost constraint in developing a proposed Standard, the Board seeks information from providers of financial information, users, auditors, academics and others about the expected nature and quantity of the benefits and costs of that Standard. In most situations, assessments are based on a combination of quantitative and qualitative information.

2.43. Because of the inherent subjectivity, different individuals' assessments of the costs and benefits of reporting particular items of financial information will vary. Therefore, the Board seeks to consider costs and benefits in relation to financial reporting generally, and not just in relation to individual reporting entities. That does not mean that assessments of costs and benefits always justify the same reporting requirements for all entities. Differences may be appropriate because of different sizes of entities, different ways of raising capital (publicly or privately), different users' needs or other factors.

Appendix J-4: Comparability

2.24. Users' decisions involve choosing between alternatives, for example, selling or holding an investment, or investing in one reporting entity or another. Consequently, information about a reporting entity is more useful if it can be compared with similar information about other entities and with similar information about the same entity for another period or another date.

2.25. Comparability is the qualitative characteristic that enables users to identify and understand similarities in, and differences among, items. Unlike the other qualitative characteristics, comparability does not relate to a single item. A comparison requires at least two items.

2.26. Consistency, although related to comparability, is not the same. Consistency refers to the use of the same methods for the same items, either from period to period within a reporting entity or in a single period across entities. Comparability is the goal; consistency helps to achieve that goal.

2.27. Comparability is not uniformity. For information to be comparable, like things must look alike and different things must look different. Comparability of financial information is not enhanced by making unlike things look alike any more than it is enhanced by making like things look different.

2.28. Some degree of comparability is likely to be attained by satisfying the fundamental qualitative characteristics. A faithful representation of a relevant economic phenomenon should naturally possess some degree of comparability with a faithful representation of a similar relevant economic phenomenon by another reporting entity.

2.29. Although a single economic phenomenon can be faithfully represented in multiple ways, permitting alternative accounting methods for the same economic phenomenon diminishes comparability.

Appendix J-5: Verifiability

2.30. Verifiability helps assure users that information faithfully represents the economic phenomena it purports to represent. Verifiability means that different knowledgeable and independent observers

could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation. Quantified information need not be a single point estimate to be verifiable. A range of possible amounts and the related probabilities can also be verified.

2.31. Verification can be direct or indirect. Direct verification means verifying an amount or other representation through direct observation, for example, by counting cash. Indirect verification means checking the inputs to a model, formula or other technique and recalculating the outputs using the same methodology.

2.32. It may not be possible to verify some explanations and forward-looking financial information until a future period, if at all. To help users decide whether they want to use that information, it would normally be necessary to disclose the underlying assumptions, the methods of compiling the information and other factors and circumstances that support the information.

Appendix J-6: Timeliness

2.33. Timeliness means having information available to decision-makers in time to be capable of influencing their decisions. Generally, the older the information is the less useful it is. However, some information may continue to be timely long after the end of a reporting period because, for example, some users may need to identify and assess trends.

Appendix J-7: Understandability

2.34. Classifying, characterizing and presenting information clearly and concisely makes it understandable.

2.35. Some phenomena are inherently complex and cannot be made easy to understand. Excluding information about those phenomena from financial reports might make the information in those financial reports easier to understand. However, those reports would be incomplete and therefore possibly misleading.

2.36. Financial reports are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyze the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.

Appendix K: Materiality Definitions and Resources by Major Frameworks and Standards

	INTENDED PREPARER	DEFINITION
CDP	Investors, governments, and corporations	“CDP questionnaires reflect the double-materiality perspective: information necessary for understanding impacts of the company (<<inside-out>>) on the environment and information necessary for understanding position, performance and development of the company regarding climate change and environmental degradation (<<outside-in>>).”
CDSB	Corporations	“Environmental information is material if (1) the environmental impacts or results it describes are, due to their size and nature, expected to have significant positive or negative effect on organization's current, past or future financial condition and operational results and its ability to execute its strategy or (2) omitting, misstating, or misinterpreting it could influence decisions that users of mainstream reports make about the organization.”
CSRD	Corporations	“Article 19a(1) and Article 29a(1) of Directive 2013/34/EU require reporting not only on information to the extent necessary for an understanding of the undertaking's development, performance and position, but also on information necessary for an understanding of the impact of the undertaking's activities on environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters. Those Articles therefore require undertakings to report both on the impacts of the activities of the undertaking on people and the environment, and on how sustainability matters affect the undertaking. That is referred to as the double materiality perspective, in which the risks to the undertaking and the impacts of the undertaking each represent one materiality perspective. The fitness check on corporate reporting shows that those two perspectives are often not well understood or applied. It is therefore necessary to clarify that undertakings should consider each materiality perspective in its own right, and should disclose information that is material from both perspectives as well as information that is material from only one perspective.”
ESRS	Corporations	<p>“A sustainability matter is ‘material’ when it meets the criteria defined for impact materiality (see section 3.4. of this Standard) or financial materiality (see section 3.5. of this Standard), or both.</p> <p>Impact materiality and financial materiality assessments are inter-related and the interdependencies between these two dimensions shall be considered. In general, the starting point is the assessment of impacts, although there may also be material risks and opportunities that are not related to the undertaking's impacts...</p>

	INTENDED PREPARER	DEFINITION
ESRS (CONT.)		... A sustainability impact may be financially material from inception or become financially material, when it could reasonably be expected to affect the undertaking's financial position, financial performance, cash flows, its access to finance or cost of capital over the short-, medium- or long-term. Impacts are captured by the impact materiality perspective irrespective of whether or not they are financially material."
GRI	Corporations	"Material sustainability-related financial information provides insights into factors that could reasonably be expected to influence primary users' assessments of an entity's enterprise value. The information relates to activities, interactions and relationships and to the use of resources along the entity's value chain if it could influence the assessment primary users make of its enterprise value. It can include information about sustainability-related risks and opportunities with low-probability and high-impact outcomes."
IIRC	Corporations	"For the purposes of [Integrated Reporting], a matter is material if it is of such relevance and importance that it could substantively influence the assessments of providers of financial capital with regard to the organization's ability to create value over the short, medium, and long term. In determining whether or not a matter is material, senior management and those charged with governance should consider whether or not the matter substantively affects, or has the potential to substantively affect, the organization's strategy, its business model, or one of more of the capitals it uses or affects."
SASB	Corporations	"In identifying sustainability topics that are reasonably likely to have material impacts, the SASB applies the definition of 'materiality' established under the U.S. securities laws. According to the U.S. Supreme Court, information is material if there is 'a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the "total mix" of the information made available.'"
SDG IMPACT	Three versions: for Enterprises; for Private Equity Funds; for Bond Issuers	<p>"Material impacts in the context of these Standards are those impacts that affect the wellbeing of Stakeholders experiencing them and that would influence decisions of the entity acting in the interest of those Stakeholders, to maximise wellbeing and achieve sustainability and the SDGs by 2030 taking into account the sustainability risks and opportunities that are most significant for the entity's own value creation, because strong, resilient, and sustainable entities will have more capacity to contribute positively to sustainable development and the SDGs.</p> <p>Having a formal assessment process to determine which impacts are material helps entities identify which impacts to prioritise and manage to optimise their contribution to sustainability and achievement of the SDGs and maximise well-being of people and planet."</p>

	INTENDED PREPARER	DEFINITION
SVI	Corporations	"An impact is material when it is relevant and significant for decisions to optimize wellbeing of a stakeholder group. Significance is based on the combination of a) impact scale (i.e., number of people experiencing the impact); b) impact value (i.e., the value or worth of that impact to those experiencing it in light of all of the dimensions of the impact); and c) total impact value (the aggregate value or worth of impacts across all affected stakeholders). Impacts that are not significant can also be considered material if they are relevant to organizational objectives and/ or relate to societal norms."
TCFD	Mainly public companies; investors may also follow	"Organizations should determine materiality for climate-related issues consistent with how they determine the materiality of other information included in their financial filings."

Note: At the company level, materiality assessment can be top-down, leveraging evidence-based lists or tools that predict likely impacts based on typical organizations in a sector and/or geography. It can be bottom-up based on direct engagement with stakeholders and other primary research. While top-down materiality assessment is widespread, it risks excluding impacts that, while individually small in magnitude, collectively would be significant to the stakeholders experiencing them and relevant to the report user. The greater the scope of impacts that are assessed, the greater the confidence that company reports – and investor reports that draw upon company reports – do not exclude relevant information.⁹⁷

97 For more on this, see the "Materiality Files," a collection of blogs and webinars available from Social Value International at <https://www.socialvalueint.org/the-materiality-files>. In summary, financial accounts record all revenues, costs, assets, and liabilities, no matter how small, that meet a required level of certainty. This level of certainty permits estimation and models. Accountants do not conduct an ex-ante materiality assessment to decide which revenues, costs, assets, and liabilities to include in the financial accounts. In contrast, impact investors, facing the challenge of measuring all impacts on all stakeholders and aspects of the natural environment, typically conduct an ex-ante materiality assessment to determine which impacts are expected to be material, and then measure those. When preparing a report, they then (perhaps implicitly) conduct a second materiality assessment to determine what subset of the available information to include in the report. While understandable from a cost and technical perspective, this practice creates a risk that material impacts are excluded from reports because they were never measured – but would have been material had they been measured. Preparers interested in this possibility are encouraged to consult the Gold Standard Fund Requirements and/or the SDG Impact Standards. Additionally, to learn more, see the resources of the Capitals Coalition, the International Foundation for Valuing Impacts, and Social Value International.

BOX 9

Resources for Guidance on Materiality Assessment

Capitals Coalition. "Social & Human Capital Protocol." https://capitalscoalition.org/wp-content/uploads/2021/01/Social_and_Human_Capital_Protocol.pdf.

Climate Disclosure Standards Board. "CDSB Framework for Reporting Environmental Information, Natural Capital and Associated Business Impacts." cdsb.net. CDP Worldwide, 2018. https://www.cdsb.net/sites/default/files/cdsb_framework_2.1.pdf.

Danes, Gemma, Sebastian Heintges, Paolo Mazzeo, Valeria Villacorta, and Elisabeth Trouvain. "Implementation Guidance for the Materiality Assessment." EFRAG Secretariat, August 23, 2023. <https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FMeeting%20Documents%2F2307280747599961%2F06-02%20Materiality%20Assessment%20SRB%20230823.pdf>.

Global Reporting Initiative. "GRI 3: Material Topics 2021," 2021. https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKewiQttvWqMb_AhXrKEQIHS-sB3QQFnoECCAQAQ&url=https%3A%2F%2Fglobalreporting.org%2Fpdf.ashx%3Fid%3D12453&usg=AOvVaw2ve3GIHzgEW4RjOYroDcNb.

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Appendix L: Suggested Questions to Solicit Impact Information from Investees

Report preparers generally rely on investees to provide information on outcomes and impacts, including negative and/or unintended impacts. To solicit the desired information, preparers can consider using a voluntary questionnaire that includes questions pertaining to challenges or areas where performance is below target. Example questions below can serve as a starting point:

1. What have been the biggest challenges the investee has faced in executing on its impact thesis?
2. What did the investee get wrong about its impact strategy, and how will the company adjust its strategy in the future?
3. What steps or actions has the investee taken to minimize negative or unintended impacts?
4. What steps or actions will the investee take to minimize negative or unintended impacts in the future?
5. What new opportunities for impact has the investee identified?
6. What additional support or resources could help the investee achieve more impact?
7. Which outcomes does the investee need more and/or better quality data on to understand performance?

Appendix M: Implementing the Reporting Norms

The Reporting Norms are intentionally aspirational. Few investors will be able to provide all of the suggested content at first. The Reporting Norms are designed so that most investors will immediately be able to use the suggested structure and then fill in content gaps over time. They may be implemented in whole or in part, and at any pace, at the discretion of the report preparer. If implemented in part, reports should at a minimum include “1. Entity Overview and Impact Thesis” and “3. Impact Performance.”

Report preparers are encouraged to take a phased approach to implementation in the form of a “Transition Period,” which would span three years from when the report preparer decides to begin. During the Transition Period, preparers would communicate with their report users about their approach and progress. The transition period can also be an opportunity to share the report with other stakeholders such as investees and local communities. For their part, report users would encourage progress and agree to review the resulting reports with a forgiving eye. Moving the market towards more transparent reporting will require that the first movers be rewarded, not penalized, for their efforts.

There are many possible ways to sequence the implementation process. Preparers have flexibility to design a process that will fit their goals and needs. The table below outlines two possibilities:

	OPTION 1 FOR PREPARERS EARLY IN THEIR JOURNEYS	OPTION 2 FOR PREPARERS WITH EXISTING MATERIALS ROUGHLY ALIGNED WITH THE REPORTING NORMS
YEAR 1	<ul style="list-style-type: none">• Draft evergreen content such as “1. Entity Overview and Impact Thesis,” “2. Impact Management Approach,” and “4. Governance”	<ul style="list-style-type: none">• Compare existing materials with the Reporting Norms and identify areas to update or change• Complete the first draft report and seek stakeholder feedback
YEAR 2	<ul style="list-style-type: none">• Draft “3. Impact Performance”• Draft “5. Case Studies”• Seek stakeholder feedback	<ul style="list-style-type: none">• Update and revise to enhance alignment with the characteristics of useful information
YEAR 3	<ul style="list-style-type: none">• Update and revise to enhance alignment with the characteristics of useful information	<ul style="list-style-type: none">• Update sections 3 and 5• Seek independent review

Impact Frontiers will also facilitate a pilot program beginning in mid-2024. For more information contact info@impactfrontiers.org.

Appendix N: Top Tips for Preparing an Impact Performance Report

Tip #1: The first report following the Reporting Norms will be the hardest! Start with what you can and take your time

The Reporting Norms are intentionally aspirational. Many asset managers will not be able to provide all of the suggested content at first. You can begin preparing your impact performance report using the data you have available and complete each section to the best of your ability.

As you draft each section, take note of any additional information you need and create a plan to begin gathering it. You can also engage with your report users (i.e., your limited partners or other capital providers) to clarify expectations and discuss and agree on data needs with investees. Most investors would be able to make significant progress in filling in the gaps over two to three years.

After you have prepared your first report, sections 1, 2, and 4 may not need to be updated unless material changes have occurred. New reports may simply link to or reference the relevant sections of a previous report, and you can focus on just updating the performance section and, if desired, case studies.

Tip #2: Let the Guiding Principles help you customize your report to users' needs

Fortunately, investors in the public consultation largely agreed on the information they'd like to see in an impact performance report. We have synthesized this information in "3.2. Performance." They also expressed that methods of impact measurement, analysis, and reporting are too diverse for any standardized reporting template to be suitable for everyone. This is why we haven't reduced it to a table or form that everyone can fill out.

You can think of the Reporting Norms as a high-level recipe, codifying expectations around the content and structure of impact performance reports while leaving appropriate flexibility for your individual circumstances (i.e., "comply-or-explain").

When writing impact reports – and especially if not everything is standardized – asset managers will have to make judgment calls. These are often context-specific, based on the specific impacts experienced by stakeholders and the natural environment, the needs of report users, and the impact objective(s) committed to. The guiding principles in Part 2 can provide consistency and structure to these judgment calls.

Don't take our word for it – the guiding principles are based on the Conceptual Framework for Financial Reporting of the International Financial Reporting Standards (IFRS) Foundation and on European Sustainability Reporting Standards 1: General Requirements. We've just adapted them to the context of impact performance reporting, based on feedback provided by investors.

Once you decide what information you will include in your report and how you will present it, help your report users follow your thinking. Explain the choices you have made in your report. This includes descriptions of your chosen metrics, frameworks or thematic taxonomies, data sources, assumptions, calculations, and other methodological notes.

Tip #3: Engage stakeholders to look beyond outputs and intended impacts

Investors in the public consultation strongly felt that the Reporting Norms should encourage reporting on performance as far down the impact pathway as possible, meaning outcomes or ideally impacts as opposed to proxy metrics based on activities or outputs. You likely already have a good understanding of the outputs resulting from your investee activities. Reporting outcomes and impacts will require understanding the changes in well-being for stakeholders or the natural environment. Engage with affected stakeholders (either directly or indirectly) to gather this information. It sounds obvious, but basically everyone agreed that more representation of stakeholder voice in impact reports would be a good thing.

Tip #4: Embrace qualitative data

The Reporting Norms recommend a combination of qualitative and quantitative information, with neither being preferable to the other. Including both qualitative and quantitative data can strengthen reporting by balancing the limitations of each.

While qualitative data analysis is well established and widely used in the social sciences, it is an emerging practice in the field of impact management. Qualitative data can help you understand complexities and nuances of stakeholder experiences that might not be possible to capture with numbers. Qualitative analysis can be just as rigorous as quantitative. Consider including qualitative data in your report to provide in-depth insights into stakeholder perspectives.

Tip #5: Move beyond the highlight reel

The Reporting Norms are intended to facilitate clear, complete reporting on impact performance that can help users (i.e., asset owners and allocators) make better decisions. For some preparers, this means a shift in approach from impact reports that are created primarily for the purposes of marketing and communication.

Go beyond reporting positive headlines to tell the complete story of performance including positive, negative, intended, and unintended impacts. If a marketing report presents a “highlight reel” of an entity’s impact performance, this type of impact performance report will be closer to the uncut footage—containing the full picture, without the “special effects.”

The “uncut footage” of impact performance might not always be pretty, but it will be authentic. It will be decision-useful. Financial accountants have to report good and bad alike. Our trust in them to do so is the foundation of capital markets. Is impact any different? A balanced, candid depiction of impact will lend credibility to your report, build users’ confidence that the report is complete and unbiased, and help GPs and

LPs to have more focused and useful conversations about impact. You can use section “3.1. Management Commentary” to elaborate on learnings and plans for improvement.

Tip #6: Consider the Reporting Norms a living document - one that you can participate in the ownership and evolution of

The Reporting Norms represent emerging consensus on what an impact performance report should be. They will evolve along with the market. As you implement the Reporting Norms, take note of areas that could benefit from further guidance or user needs that are not sufficiently addressed and share your feedback by emailing info@impactfrontiers.org. Your experience and perspective can help shape future iterations of the Reporting Norms and ensure their continued relevance.

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Appendix P: Consultation Process and Next Steps

Consultation Process

Impact Frontiers, with the support of The Rockefeller Foundation, facilitated a field-building initiative in 2023 and 2024 to build consensus on norms on impact performance reporting for investors. We launched the effort in Q4 2022, beginning with a review of reporting and assurance standards. We also conducted exploratory conversations with asset managers, asset owners, verifiers, assurance providers, and standard-setters.

In summer 2023 we shared an Exposure Draft of the Reporting Norms and received feedback from 41 partners, including 14 asset managers, four asset owners, seven consultants, five industry networks/associations, two research organizations, two advocacy organizations, and two assurance and verification practitioners.

In Q3 2023, Impact Frontiers convened a group of 48 industry stakeholders in New York City (including 14 asset managers and 20 asset owners) and 21 in Tokyo (including 10 asset managers, five asset owners, and six service providers, enterprises, and consultants) to discuss the content they would want to see in impact performance reports and brainstorm ideas to overcome barriers to change.

Impact Frontiers revised the Reporting Norms based on this feedback and published a Consultation Draft in October 2023, as well as a supplementary resource for third-party reviewers such as assurance providers, evaluators, and verifiers. We received feedback from 85 partners via written or verbal comments and held seven webinars to gather feedback from an additional 170 practitioners including several dedicated sessions in Asia and Latin America.

In January 2024, Impact Frontiers convened a group of 40 industry stakeholders in London (including 25 asset managers and four asset owners) to gather feedback on the public consultation draft. In partnership with the Impact Principles Secretariat, Impact Frontiers also gathered feedback on the Consultation Draft from a working group of 15 Impact Principles signatories.

In Q1 2024 Impact Frontiers revised the Reporting Norms and published Version 1 in April 2024.

Next Steps

To support asset managers, asset owners, allocators, and independent reviewers in this transition, Impact Frontiers is planning an implementation phase spanning mid-2024 to mid-2026. This phase will have four goals, each with supporting workstreams.

Goal #1: Pilot

Support interested GPs, LPs, and providers of assurance and verification with monthly virtual convenings for discussion and peer sharing, working groups to co-create best practices for common challenges and focus issues, and voluntary capstone presentations of the next generation of impact performance reports. The

program will commence in summer 2024, and participants will share a goal of producing their first Norms-aligned reports in 2025 and 2026.

Goal #2: Deepen

Tackle challenging areas in which norms do not yet exist, such as: 1) use of qualitative data and case studies; 2) incorporation of stakeholder voice; 3) portfolio-level aggregation and synthesis of impact performance; and 4) consistency of criteria across independent reviewers to enhance transparency.

Goal #3: Broaden

Adapt the Reporting Norms to adjacent market segments including development finance institutions and multilateral development banks; listed equities; funds-of-funds; and foundations.

Goal #4: Educate

Accelerate impact management skill-building for GPs preparing impact performance reports and for LPs evaluating and making decisions informed by those reports. This may include, for instance, an open-access Coursera course and certificate tailored to GP and LP perspectives, as well as resource website with example reports, case studies, webinar recordings, and translations of the Norms.

If you are interested in participating in the pilot program, or if you would simply like to offer your feedback on the Reporting Norms or the implementation phase, please contact info@impactfrontiers.org.

Appendix Q: Acknowledgments

Impact Frontiers wishes to recognize the individuals below for reviewing and providing written or verbal feedback on prior drafts of this document. Their close reading and thoughtful comments led to a great number of significant improvements. Their presence on this list should not be interpreted as an endorsement of this draft by them or their organizations, and all errors remain our own.

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- Tokyo convening on November 16th, 2023 co-hosted by SIMI and the Japan Impact-Driven Financing Initiative: 21 participants
- London convening on January 18th, 2024 co-hosted by British International Investment and the Impact Investing Institute: 40 participants
- Rio de Janeiro convening on March 26th, 2024 co-hosted by Latimpacto: 10 participants

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- Impact Principles Reporting Working Group (several meetings): 15 participants
- November 9th, 2023: 21 participants
- November 16th, 2023, in partnership with Impact VC Working Group, Japan Impact-driven Financing Initiative: 40 participants
- December 6th, 2023: 21 participants
- December 14th, 2023: 10 participants
- January 10th, 2024, in partnership with the Asia Venture Philanthropy Network: 19 participants
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IMPACT
FRONTIERS

Impact Frontiers is a peer learning and market-building collaboration, developed with and for asset managers, asset owners and industry associations. The initiative creates practical tools and peer-learning communities that support investors in building their capabilities for managing impact, and integrating impact with financial data, analysis, frameworks, and processes.

Impact Frontiers originated at Root Capital, migrated to the Impact Management Project in 2019 as a natural platform for industry collaboration, and is now continuing as an independent non-profit initiative of the Bridges group.

Learn more at impactfrontiers.org



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