

# IMP overview

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November 2020



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# Context



## Context

From 2016-18, the Impact Management Project (IMP) brought together more than 2,000 practitioners – from across the value chain – to agree on the dimensions of performance that matter for impact measurement, management and reporting.

In 2018, the IMP began facilitating a structured network of standard-setting organisations to coordinate efforts with a shared vision of getting to global consensus.

Organisations that are enabling the IMP to provide a forum for consensus-building





# IMP Structured Network



## IMP Structured Network

The IMP team facilitates and provides technical support to a 'structured network' of standard-setting organisations, whose expertise and audiences are complementary and who, taken all together, have the potential to provide complete and generally accepted principles, frameworks and standards for impact measurement and management.

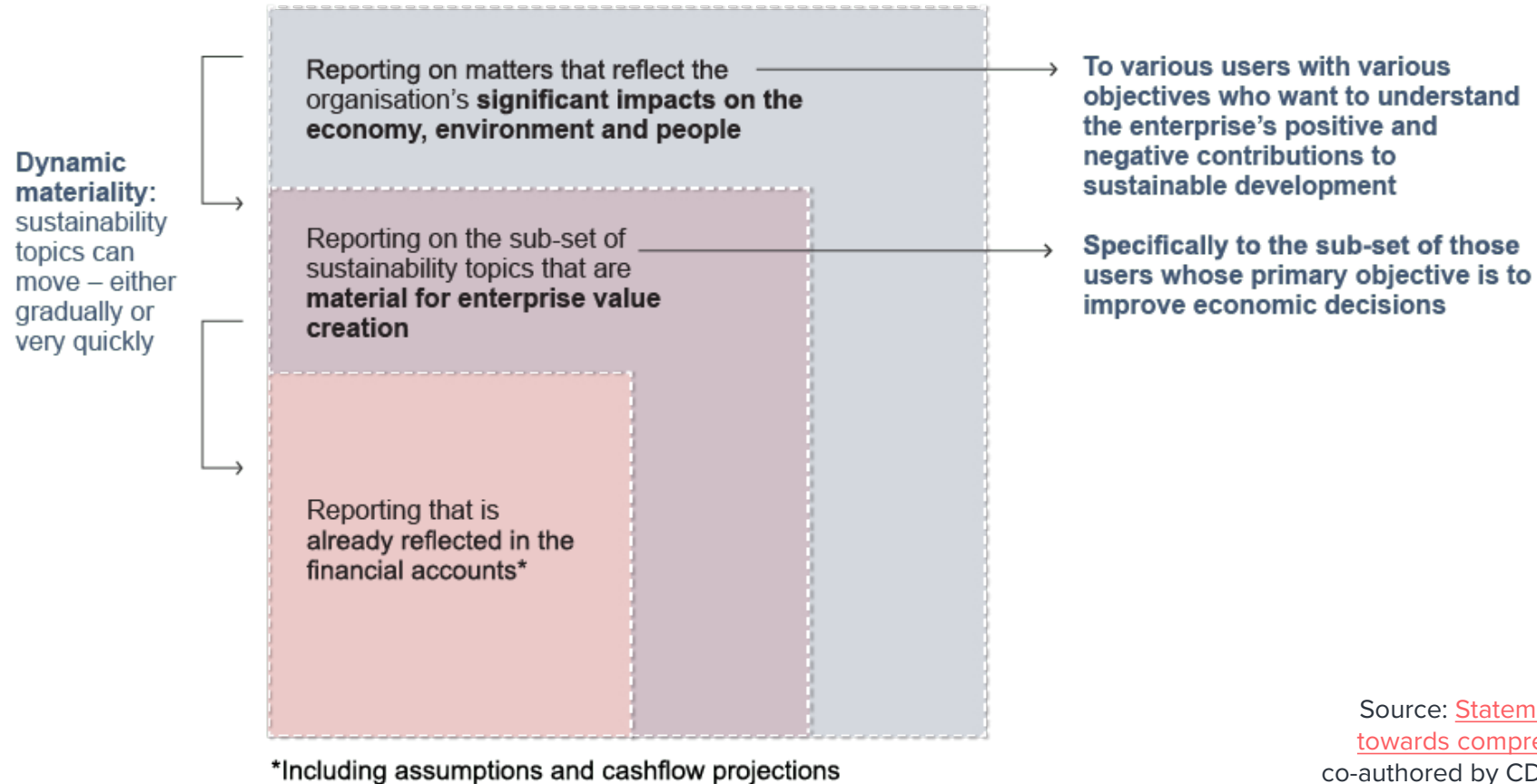
From 2019-21, the IMP Structured Network has three workstreams:

- Processes for managing impact (**Practice**)
- An accounting framework and data standards for measuring and reporting impact (**Performance**)
- Rating and valuation techniques for comparing impact (**Benchmarking**)



# • • The ideal sustainability disclosure system would cover all impacts that matter to all users

The IMP Structured Network acknowledges the dynamic relationship between impacts that are material to people and the planet, and those that are also financially material.



Source: [Statement of intent to work together towards comprehensive corporate reporting](#), co-authored by CDP, CDSB, GRI, IIRC and SASB



Consensus-driven ‘norms’



2000+ practitioners came together to agree a common definition of impact

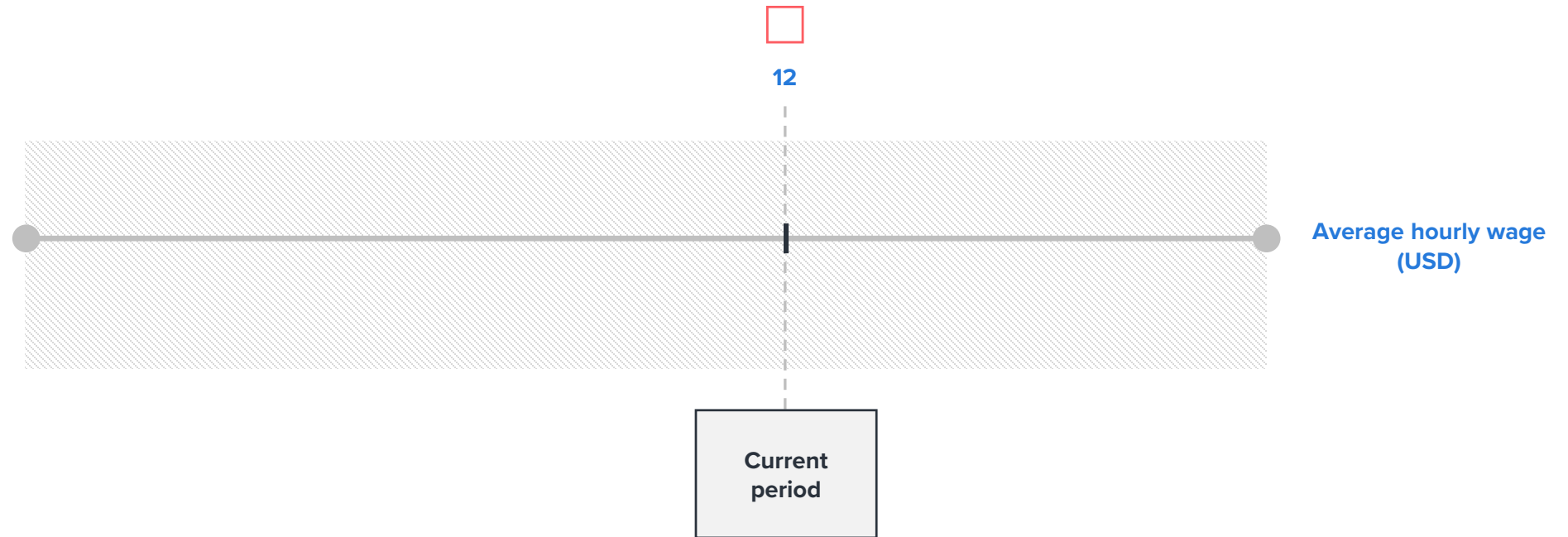


An impact is the **change** in a **social, environmental or economic outcome** (positive or negative)  
**+**  
**caused** by an organisation, directly or indirectly, wholly or partially, **intended or unintended**  
**△**

This definition helped clarify the types of information needed to  
assess impact

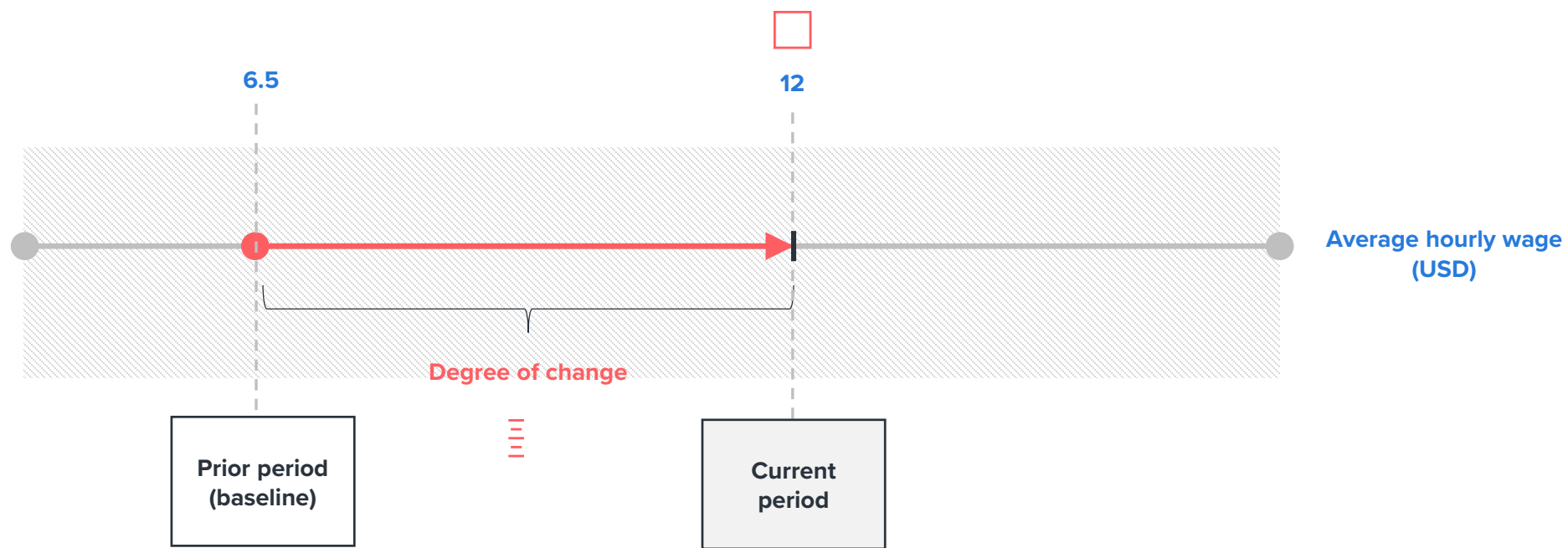


- • A metric is chosen to measure each outcome



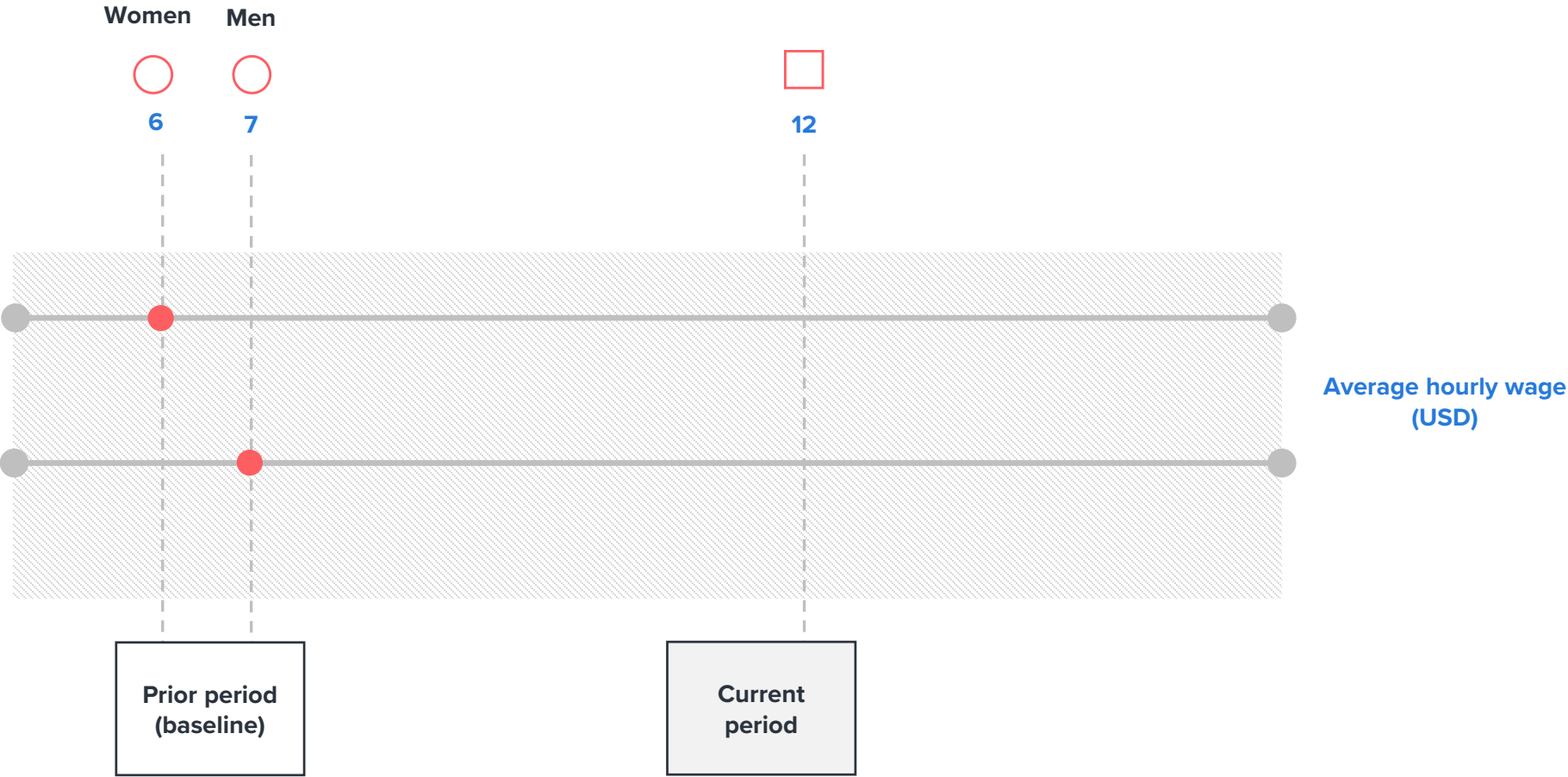


## To track the change over time

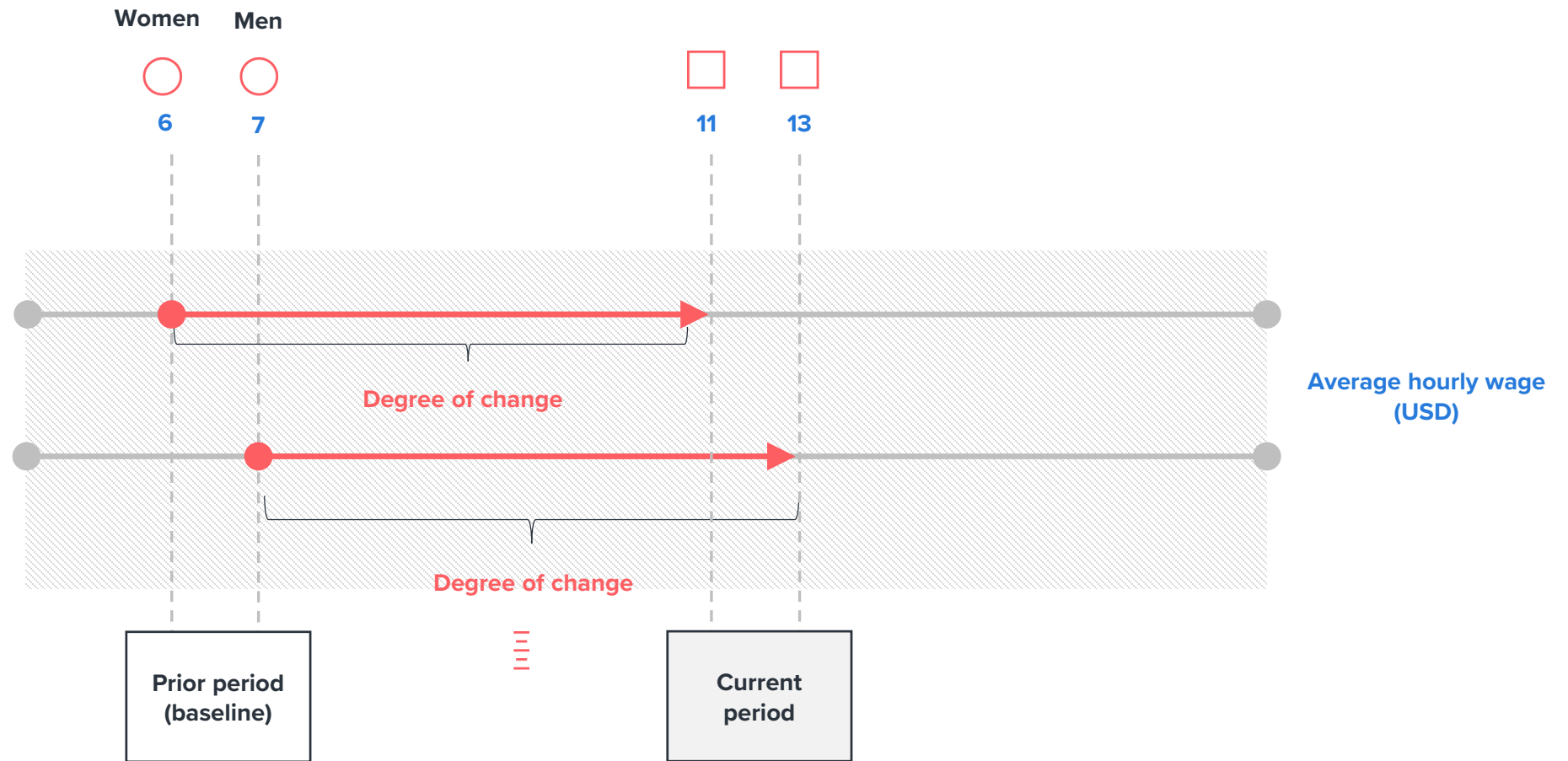




# Different demographics might have a different baseline outcome value

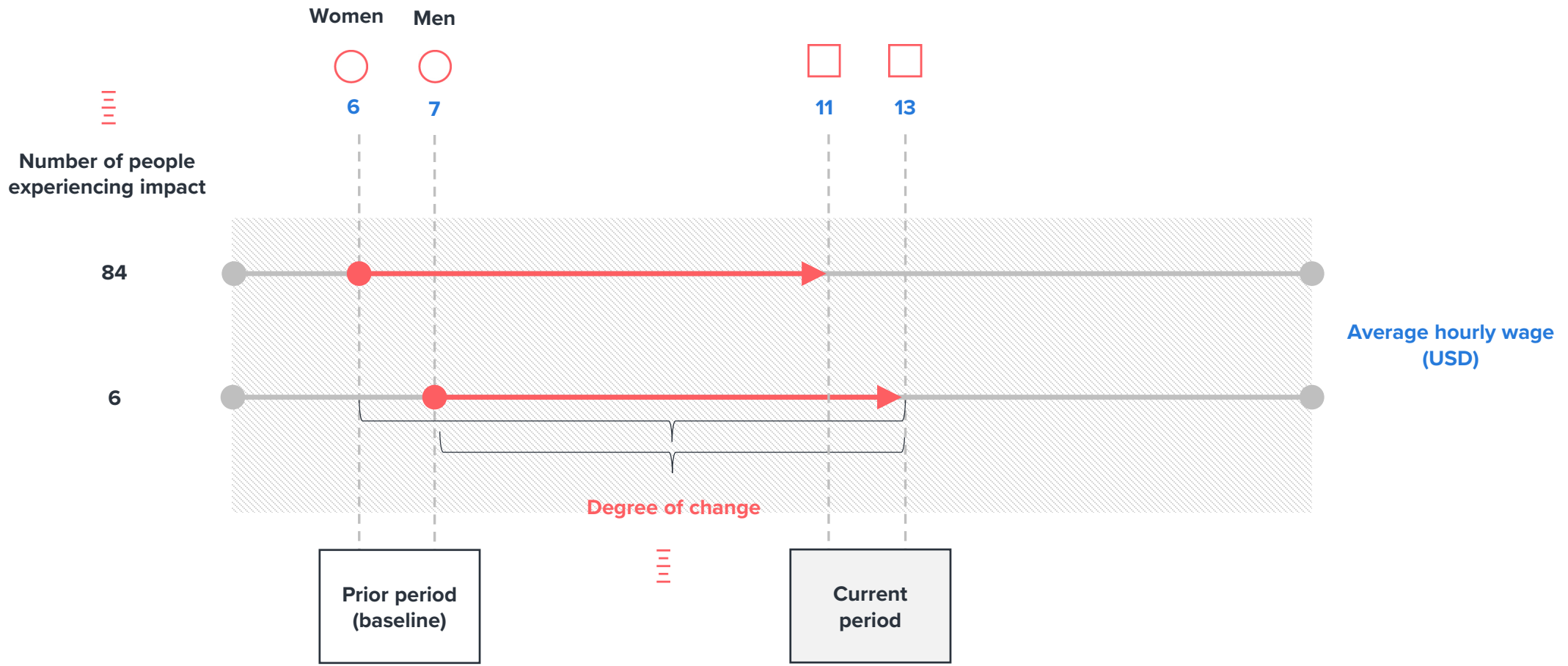


And experience different degrees of change in outcome

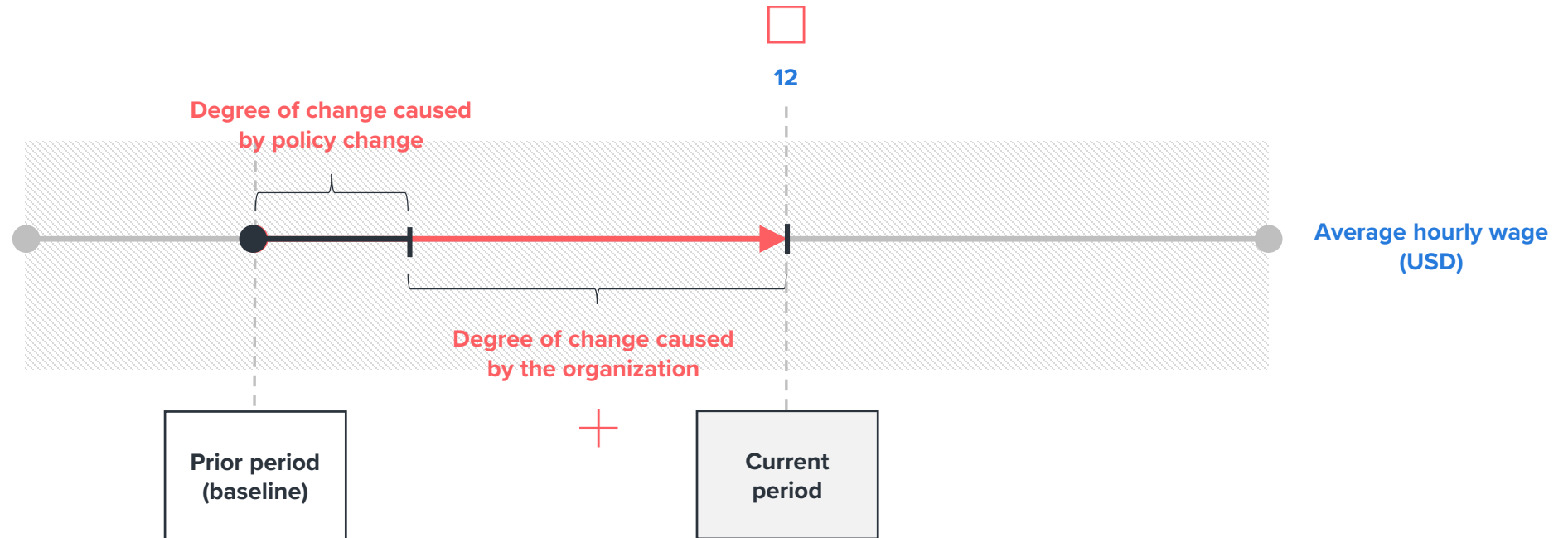




# The number of people experiencing each change is helpful to know

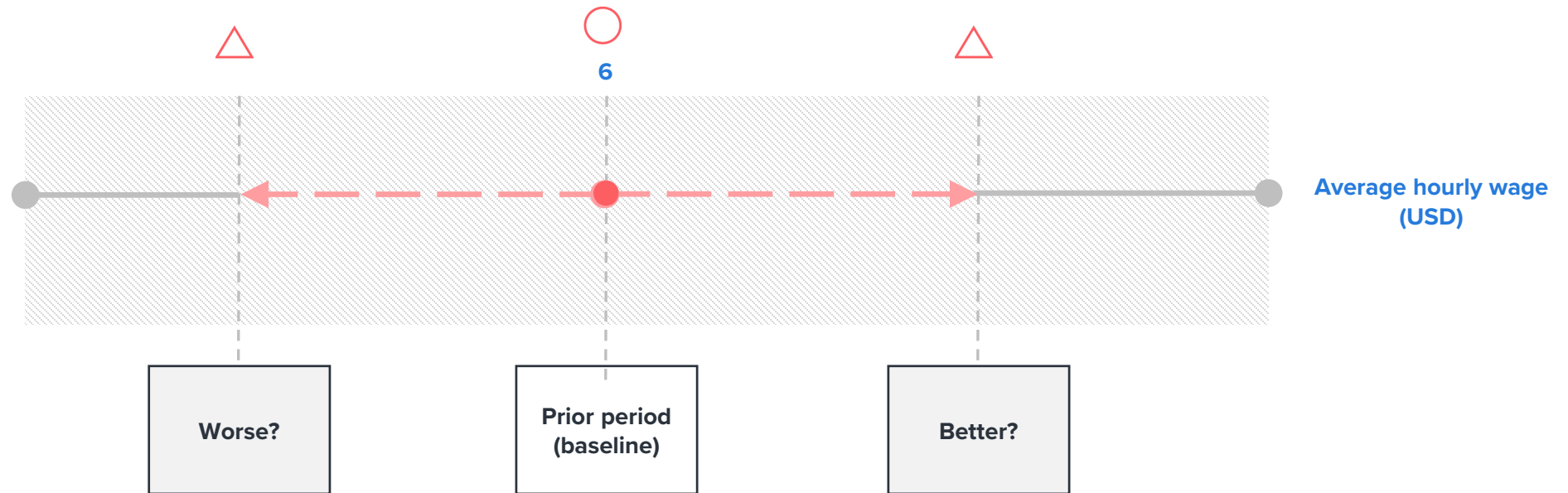


- Sometimes other factors contribute to this change, besides the organization measuring it








- • It's important to consider the risk that the change doesn't happen as expected, or what happens is unknown

IMP found 8 Impact Risk factors are helpful for this analysis





# In summary: the ‘dimensions of impact’

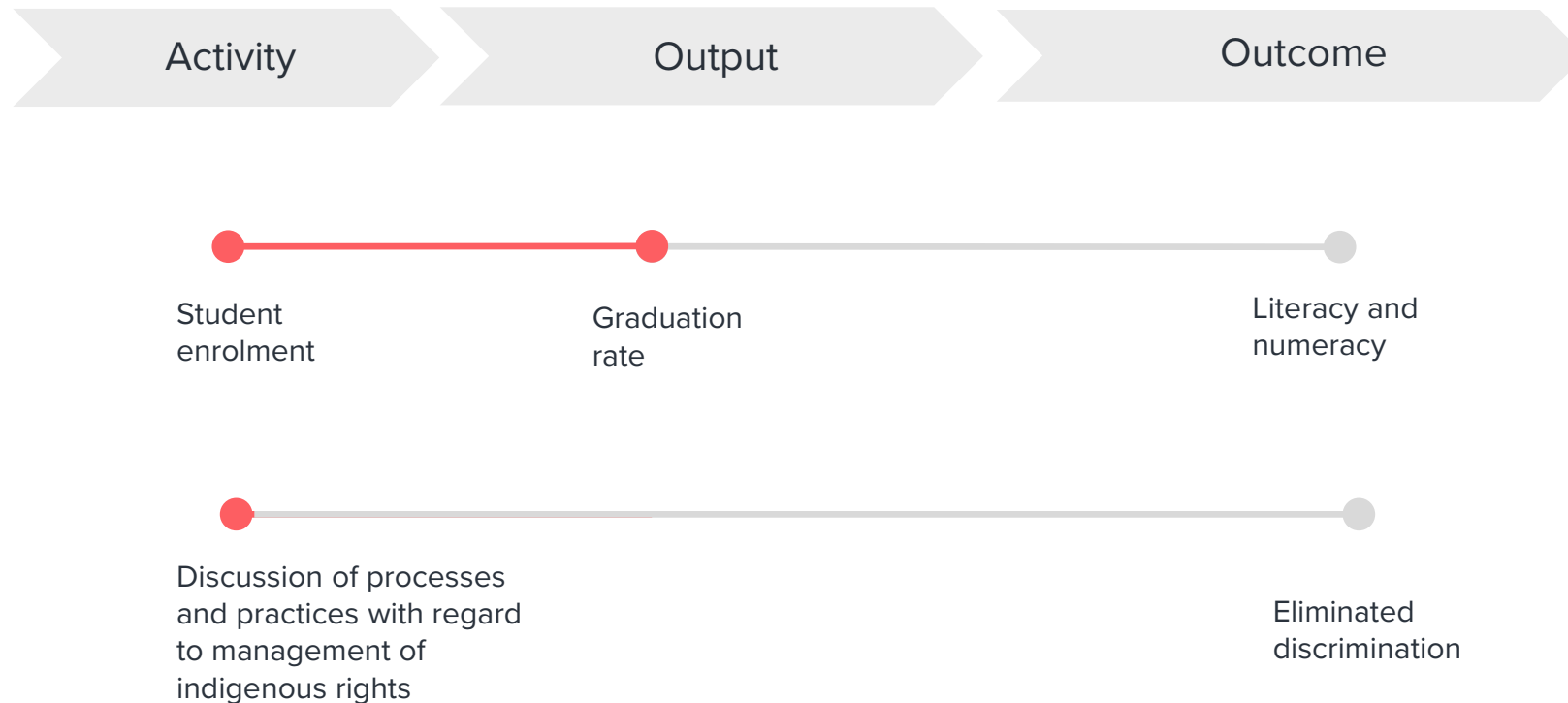
Dimension of impact	Data to guide measurement and management
 What	What outcome is occurring in the period? Is it positive or negative? How important is the outcome to the people (or planet) experiencing it?
 Who	Who experiences the outcome? How underserved are the affected stakeholders in relation to the outcome?
 How Much	How much of the outcome is occurring – across scale, depth and duration?
 Contribution	Would this change likely have happened anyway?
 Risk	What is the risk to people and planet that impact does not occur as expected?





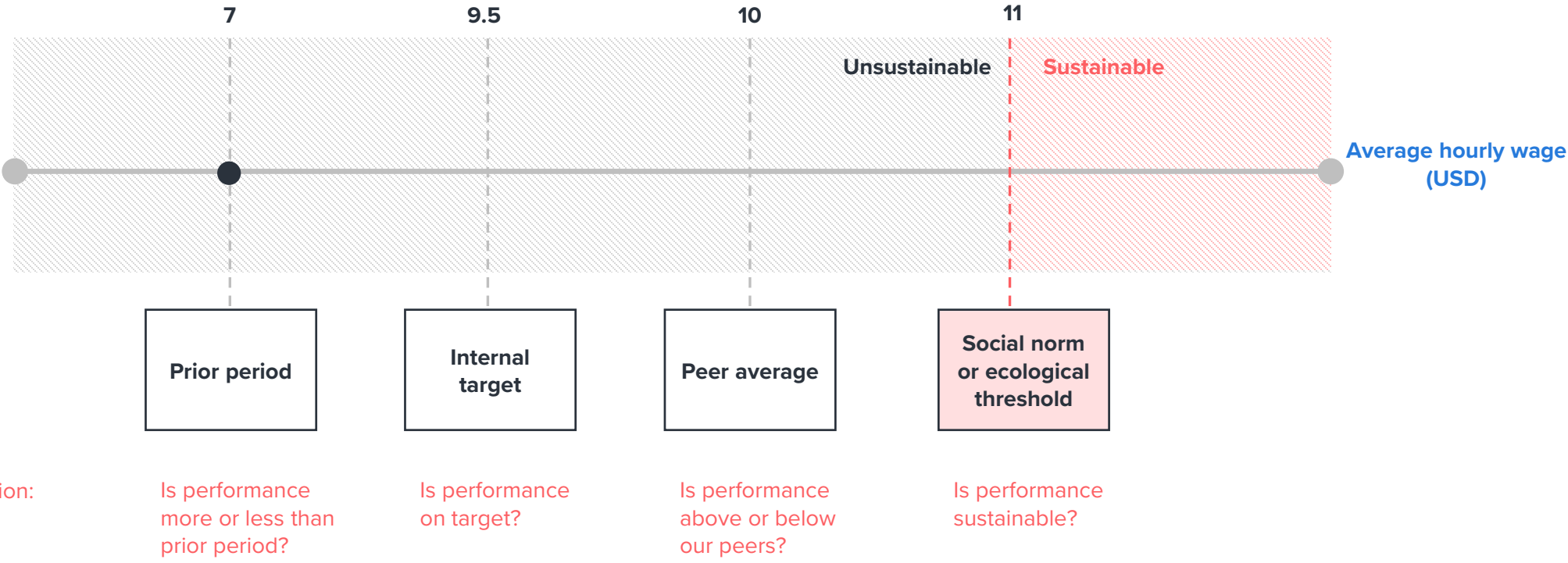
It also matters what metric is used. Different metrics measure outcomes at different points along a pathway.

The closer the metric is to measuring the outcome, the more useful the information is for decision-making





# This information has to be put in context to enable interpretation





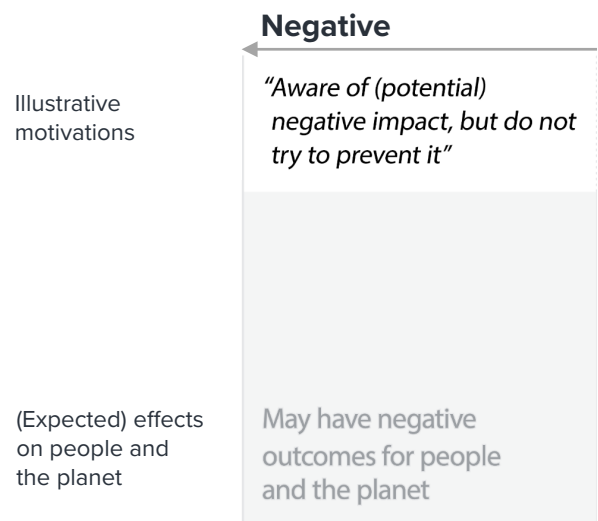
# The **ABC** of impact performance

The ABC of impact performance links the impact of an asset, or portfolio of assets, to an investor's specific intentions.



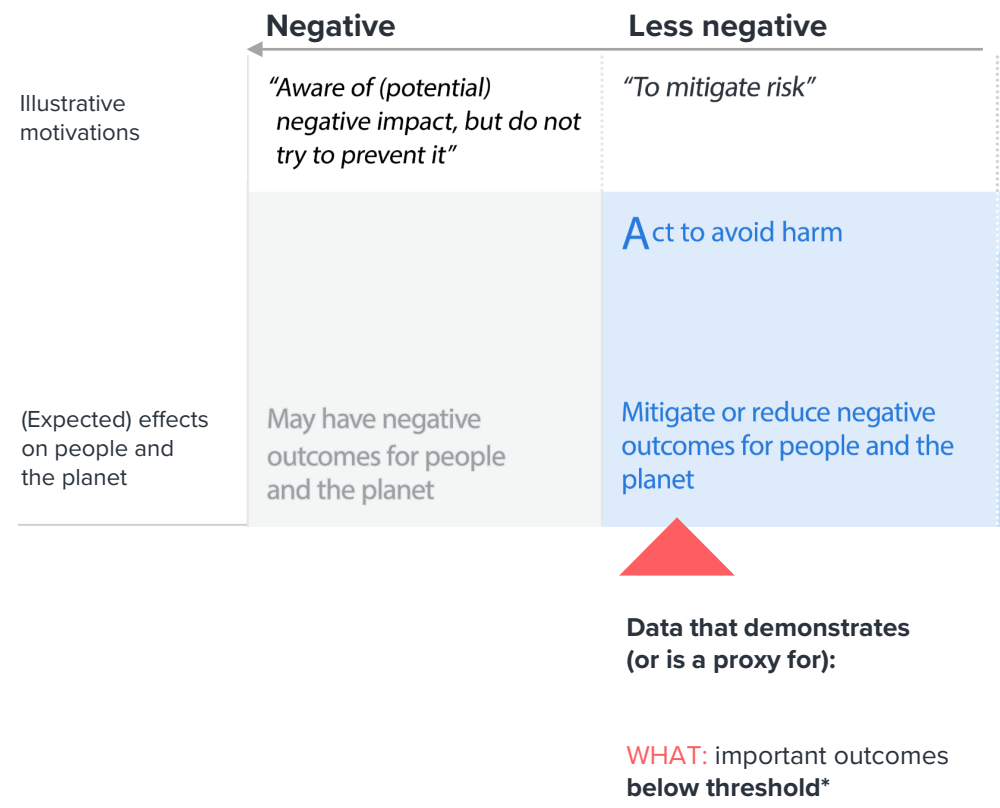


# Matching goals with performance



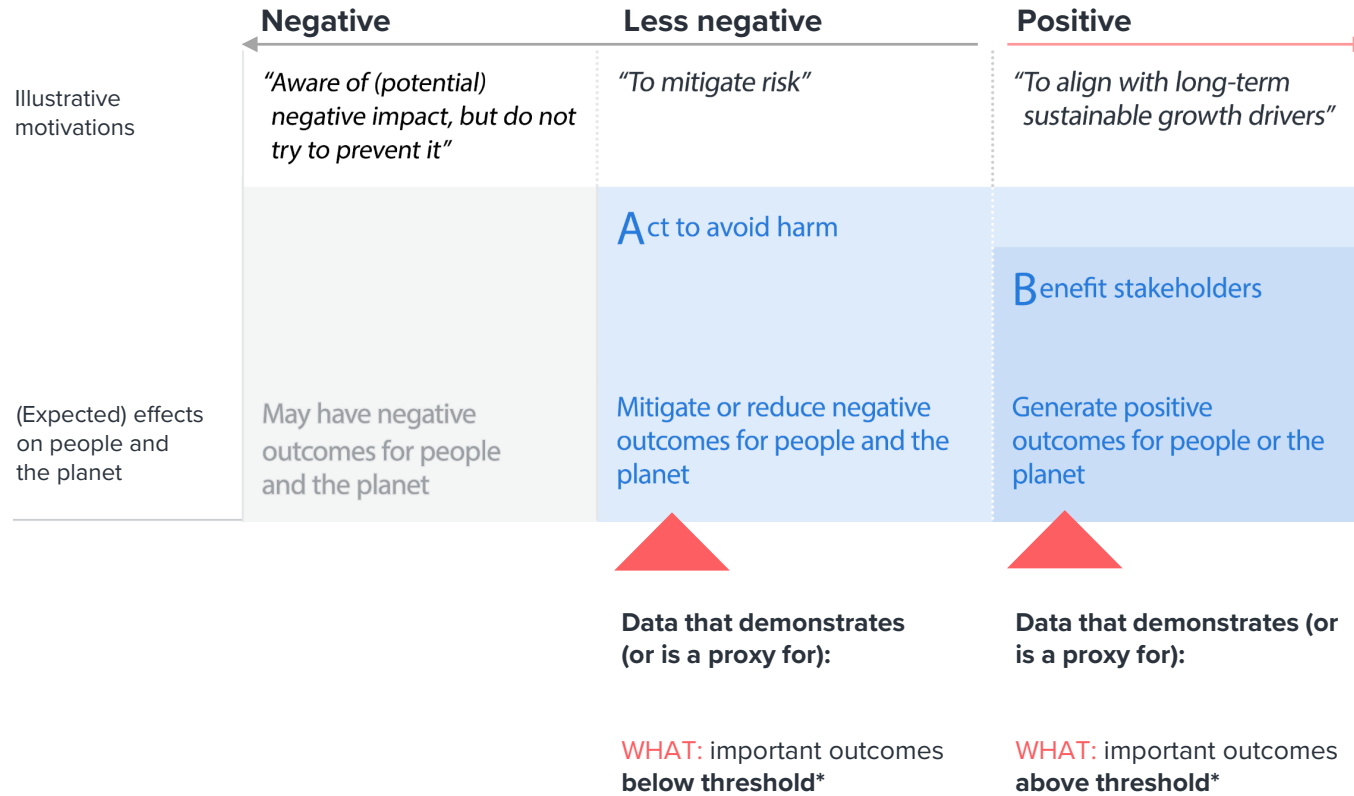


# Matching goals with performance



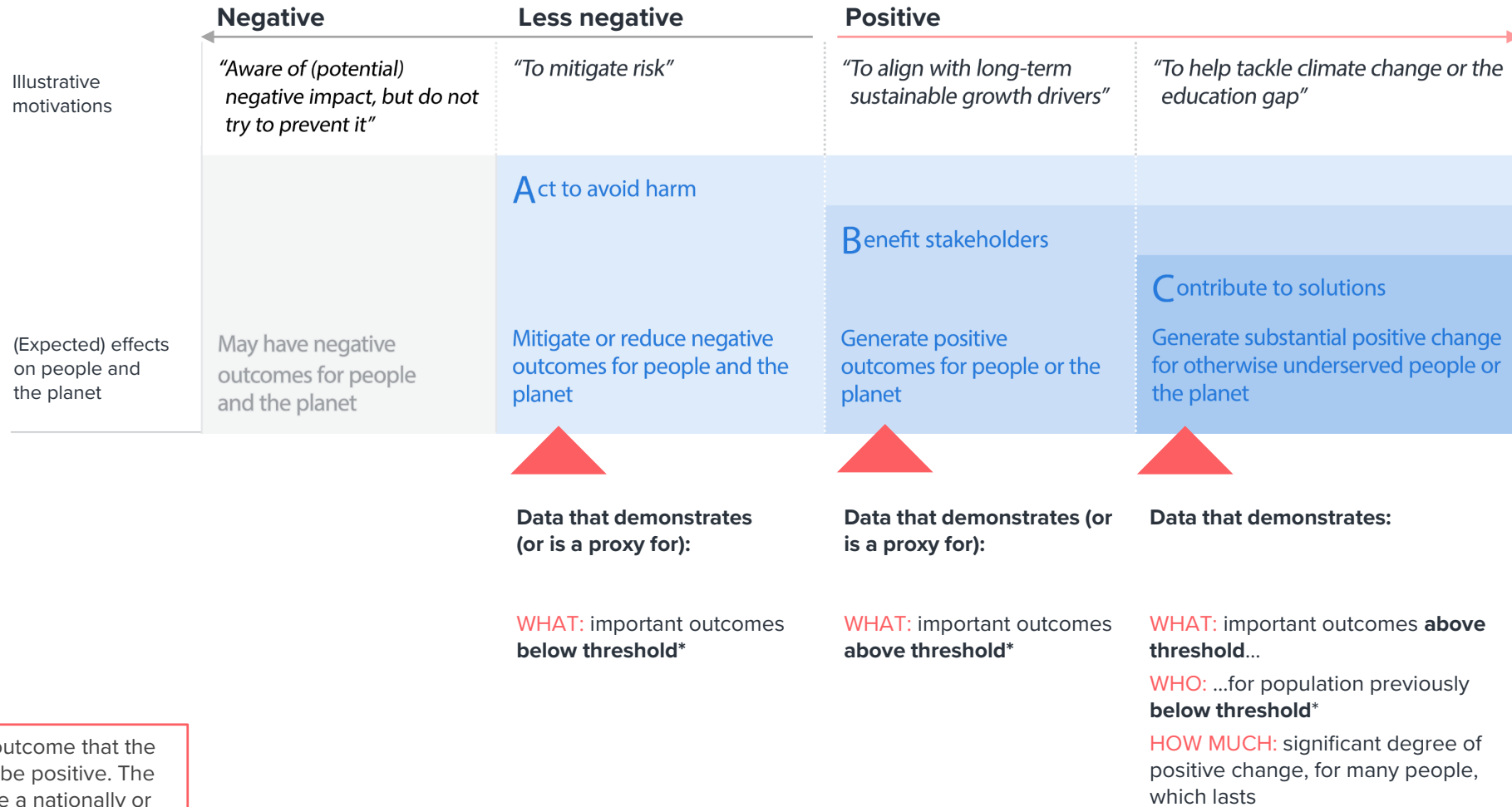
\*Threshold: The level of outcome that the stakeholder considers to be positive. The outcome threshold can be a nationally or internationally-agreed societal norm or ecological threshold

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Investment impact

=

Impact of underlying asset/enterprise

+

Investor's contribution



# • • • • • • The investor's contribution also makes a difference

The impact of an investment =

**impact of the underlying assets x investor's contribution**

Investors use **four strategies** to contribute to impact, often in combination:

**Signal that measurable impact matters** = Investors can choose not to invest in, or to favour, certain investments such that, if all investors did the same, it would ultimately lead to a 'pricing in' of social and environmental effects by the capital markets. Often referred to as values alignment, this strategy expresses the investors' values and is an important baseline. But alone, it is not likely to advance progress on societal issues when compared to other forms of contribution.

**Engage actively** = Investors can use expertise, networks and influence to improve the impact of businesses. Engagement can include a wide spectrum of approaches - dialogue with companies, creation of industry standards, taking board seats and providing hands-on management support (as often seen in private equity).

**Grow new or undersupplied capital markets** = Investors can anchor or participate in new or previously overlooked opportunities. This may involve more complex or less liquid investments, or investments in which some perceive risk to be disproportionate to return.

These investments cause or are expected to cause a change in the amount, cost, or terms of capital available to an enterprise that enables it to deliver impact that would likely not otherwise occur; or to cause a change in the price of the enterprise's securities, which in turn pressures the enterprise to increase its social and/or environmental impact and/or rewards it for doing so.

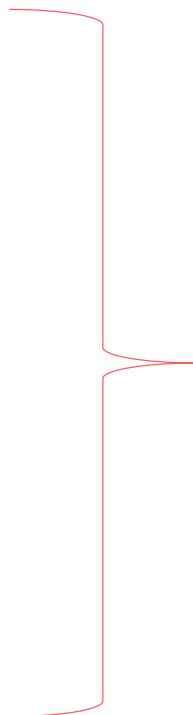
**Provide flexibility on risk-adjusted financial return** = Investors can recognise that certain types of enterprises do require acceptance of lower risk-adjusted financial return to generate certain kinds of impact.



# Investor contribution

The four strategies are often used in combination:

- Signal that measurable impact matters
- Engage actively
- Grow new or undersupplied capital markets
- Provide flexibility on risk-adjusted financial return



<b>Signal that impact matters</b> + Engage actively + Grow new/undersupplied capital markets + Provide flexibility on risk-adjusted return	<b>1</b>
<b>Signal that impact matters</b> + <b>Engage actively</b> + Grow new/undersupplied capital markets + Provide flexibility on risk-adjusted return	<b>2</b>
<b>Signal that impact matters</b> + Engage actively + <b>Grow new/undersupplied capital markets</b> + Provide flexibility on risk-adjusted return	<b>3</b>
<b>Signal that impact matters</b> + <b>Engage actively</b> + <b>Grow new/undersupplied capital markets</b> + Provide flexibility on risk-adjusted return	<b>4</b>
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<b>Signal that impact matters</b> + <b>Engage actively</b> + <b>Grow new/undersupplied capital markets</b> + <b>Provide flexibility on risk-adjusted return</b>	<b>6</b>

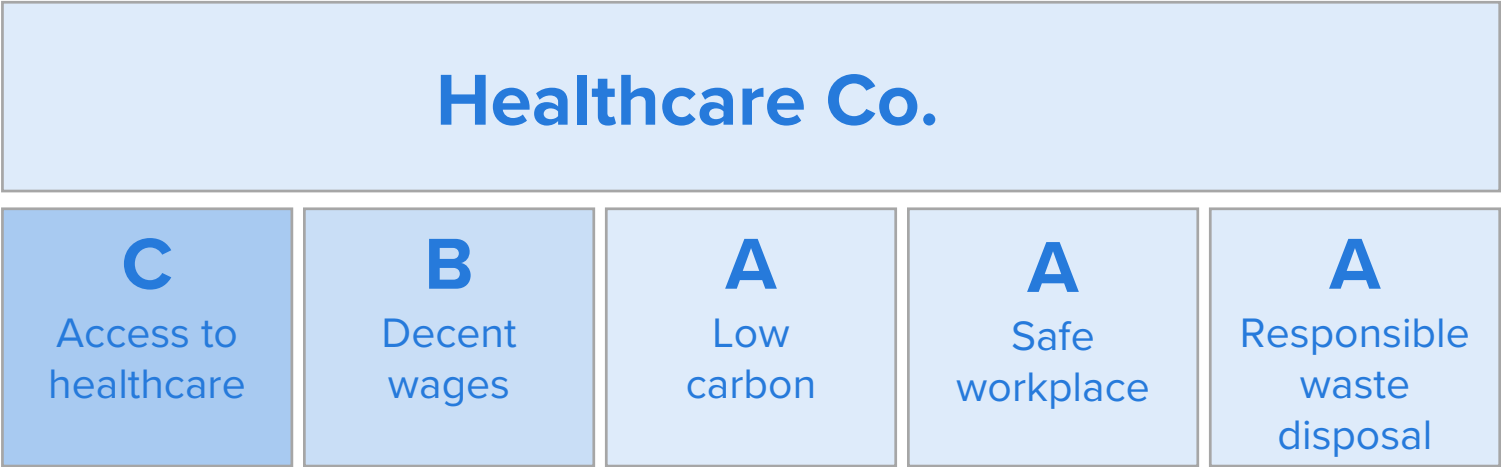
# The impact classes of investment (with example products)

		Impact of underlying assets / enterprises		
		Act to avoid harm	Benefit stakeholders	Contribute to solutions
Investor's contribution	<b>Signal that impact matters</b> + Engage actively + Grow new/undersupplied capital markets + Provide flexibility on risk-adjusted return	1	<ul style="list-style-type: none"> <li>• Neuberger Berman Quantitative ESG factor</li> </ul>	
	<b>Signal that impact matters</b> + <b>Engage actively</b> + Grow new/undersupplied capital markets + Provide flexibility on risk-adjusted return	2 <ul style="list-style-type: none"> <li>• Standard Life Investments Ethical Corporate Bond Fund</li> <li>• Standard Life Investments European Ethical Equity Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Clearbridge International Value ESG Strategy</li> <li>• Clearbridge Divident Strategy ESG</li> <li>• Clearbridge Appreciation ESG Strategy</li> <li>• Neuberger Berman Sustainable Equities</li> <li>• Neuberger Berman Emerging Markets Equity Select</li> </ul>	<ul style="list-style-type: none"> <li>• Neuberger Berman Municipal Impact</li> <li>• Aberdeen Standard Global Equity Impact Fund</li> </ul>
	<b>Signal that impact matters</b> + Engage actively + <b>Grow new/undersupplied capital markets</b> + Provide flexibility on risk-adjusted return	3		<ul style="list-style-type: none"> <li>• Calvert Impact Community Notes</li> </ul>
	<b>Signal that impact matters</b> + <b>Engage actively</b> + <b>Grow new/undersupplied capital markets</b> + Provide flexibility on risk-adjusted return	4	<ul style="list-style-type: none"> <li>• Bridges Property Alternatives Funds</li> <li>• Lok Capital Growth Fund (Lok III)</li> </ul>	<ul style="list-style-type: none"> <li>• Christian Super Renewable Energy Sleeve A</li> <li>• Nesta Impact Investment Fund</li> <li>• Bridges Social Impact Bond Fund II</li> </ul>
	<b>Signal that impact matters</b> + Engage actively + <b>Grow new/undersupplied capital markets</b> + <b>Provide flexibility on risk-adjusted return</b>	5		<ul style="list-style-type: none"> <li>• Deutsche Bank New Initiatives Fund</li> </ul>
	<b>Signal that impact matters</b> + <b>Engage actively</b> + <b>Grow new/undersupplied capital markets</b> + <b>Provide flexibility on risk-adjusted return</b>	6		<ul style="list-style-type: none"> <li>• Acumen Capital Markets</li> <li>• Bridges Social Impact Bond Fund</li> <li>• Deutsche Bank New Initiatives Fund</li> <li>• Ford Foundation PRI Fund</li> <li>• GABV SFRE Fund</li> <li>• Root Capital Loan Fund</li> </ul>



# The ABC of impact

An enterprise is the combination of its impacts.





# The **ABC** of impact across the investment value chain

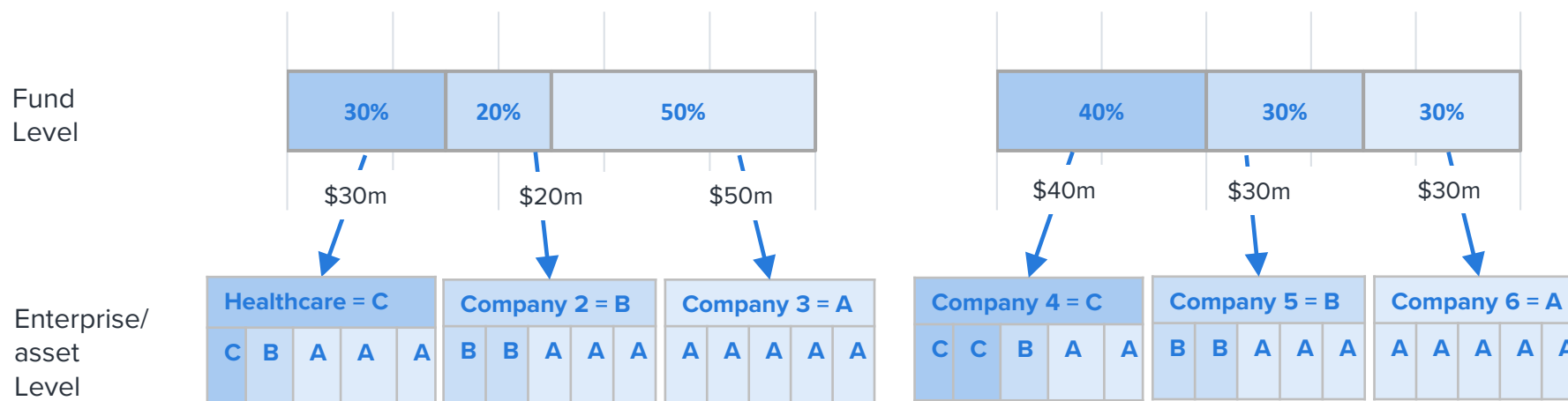
The ABC of impact provides a sensible logic for summarising impact performance from the enterprise to portfolio level.

Enterprise/  
asset  
Level

Healthcare = C					Company 2 = B					Company 3 = A					Company 4 = C					Company 5 = B					Company 6 = A				
C	B	A	A	A	B	B	A	A	A	A	A	A	A	A	C	C	B	A	A	B	B	A	A	A	A	A	A	A	A

# The **ABC** of impact across the investment value chain

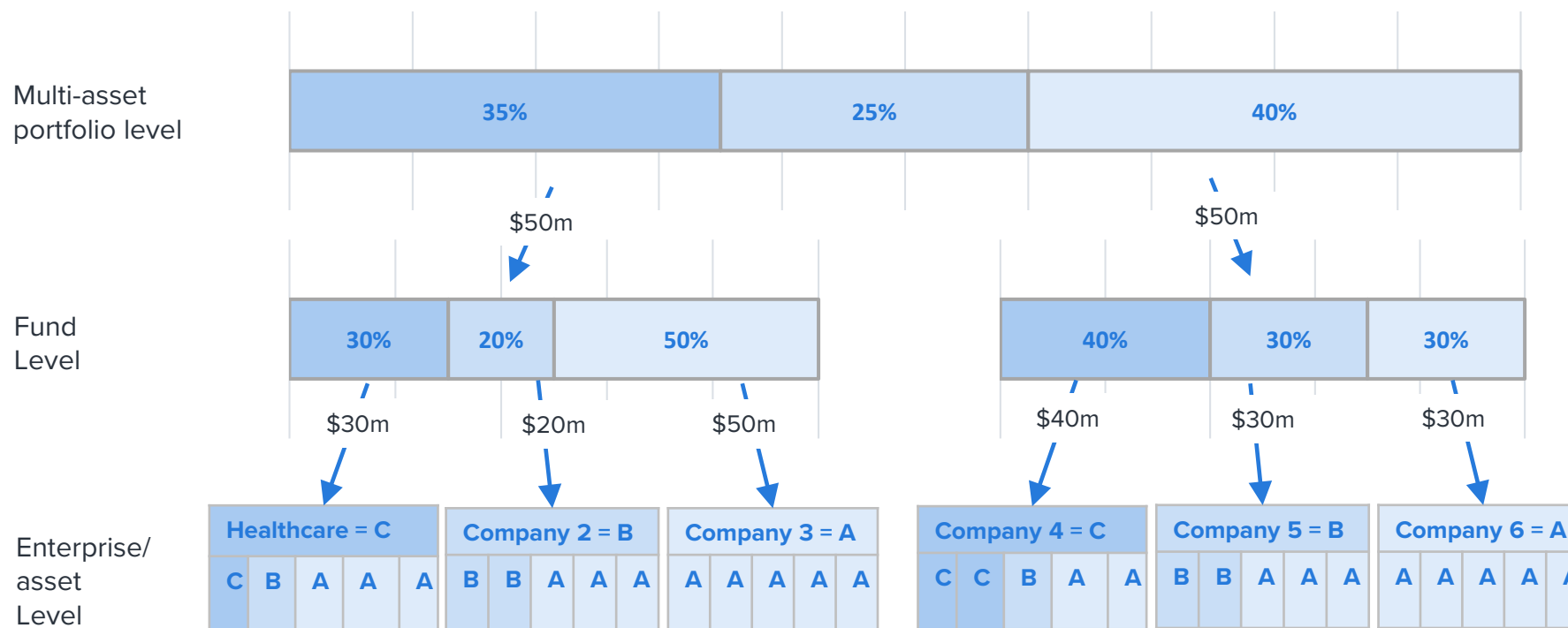
The ABC of impact provides a sensible logic for summarising impact performance from the enterprise to portfolio level.





# The ABC of impact across the investment value chain

The ABC of impact provides a sensible logic for summarising impact performance from the enterprise to portfolio level.





## Case study: classification of PGGM's €220 billion portfolio

INVESTOR'S CONTRIBUTION	IMPACT GOALS									
	AVOID HARM			BENEFIT STAKEHOLDERS			CONTRIBUTE TO SOLUTIONS			
		Allocation in € bln.	Allocation in %		Allocation in € bln.	Allocation in %		Allocation in € bln.	Allocation in %	
	Signal that impact matters + Engage actively + Grow new or undersupplied capital markets + Provide flexibility on risk-adjusted return	Listed Real Estate	12	5.6%	Mortgages*	1.7	0.8%	Private Real Estate - BiO Climate	0.3	0.1%
		Private Real Estate	12	5.8%	Private Real Estate - BiO	0.1	0.0%	Private Equity - BiO Climate	0.2	0.1%
		Private Equity	9.9	4.8%	Other Equities - BiO	0.5	0.2%	Other Equities - BiO Climate	0.3	0.1%
		Government Bonds	39	18.9%				Cash BiO**	0.1	0.0%
		Other Equities	4.2	2.0%						
		Alternative Equities Strategies	18	8.7%						
		High Yield Developed Markets	4.8	2.3%						
Insurance Linked Investments		3.7	1.8%							
Total	103	50.0%	Total	2.3	1.1%	Total	0.9	0.4%		
Signal that impact matters + Engage actively + Grow new or undersupplied capital markets + Provide flexibility on risk-adjusted return	Developed Market Equities	25	12.0%	Investing in Solutions Equities - BiO	6.4	3.1%	Investing in Solutions Equities - BiO	1.5	0.7%	
	Emerging Market Equities	8	3.9%							
	Developed Market Credits	6.7	3.2%							
	Emerging Market Credits	3.5	1.7%							
	Emerging Market Debt Local Currency	8.5	4.1%							
	Total	51	24.9%	Total	6.4	3.1%	Total	1.5	0.7%	
Signal that impact matters + Engage actively + Grow new or undersupplied capital markets + Provide flexibility on risk-adjusted return	Structured Credit	5.4	2.6%	Developed Market Credits - BiO	0.4	0.2%	Developed Market Credits - BiO Climate	0.1	0.0%	
				Emerging Market Credits - BiO	0.1	0.0%	Emerging Market Credits - BiO Climate	0.1	0.0%	
							Government Bonds - BiO Climate	0.7	0.3%	
							Semi-sovereign, Sub-sovereign and Agency bonds - BiO Climate	0.1	0.0%	
	Total	5.4	2.6%	Total	0.5	0.2%	Total	1	0.5%	
Signal that impact matters + Engage actively + Grow new or undersupplied capital markets + Provide flexibility on risk-adjusted return	Infrastructure	6.5	3.2%	Infrastructure - BiO	0.1	0.0%	Infrastructure - BiO Climate	1.1	0.5%	
				Private Real Estate - Healthcare	0.1	0.0%	Private Equity - Microfinance	0	0.0%	
				Mandate - BiO						
				Private Equity - Healthcare - BiO	1	0.5%				
	Total	6.5	3.2%	Total	1.2	0.6%	Total	1.1	0.5%	

\* PGGM Mortgages portfolio qualifies as 'Benefit Stakeholders' because PGGM solely invests in specific mortgages aimed at providing healthcare workers with affordable housing

\*\* A part of PGGM's Cash portfolio is invested in climate solutions by the cash provider (Rabobank Duurzaam Deposito)