IMPACT CAPITAL MANAGERS

Impact Data as a Value Driver

Company Perspectives and Practice

in partnership with

MORRISON FOERSTER

Acknowledgments

ICM Institute extends its sincere thanks to **Morrison Foerster**, one of our preferred legal partners, for their expertise and contributions to this report. The firm has been a longstanding sponsor of ICM's field-building research; we appreciate their leadership, diligence, and commitment.

We gratefully acknowledge **Builders Vision** for providing the foundational funding that made this project possible. Their support enabled us to expand the scope of this work, incorporate valuable third-party expertise, and create meaningful opportunities for stakeholders to engage with the findings.

We also recognize **UpMetrics** for their collaboration in data collection and case study development, strengthening both the report's rigor and its practical relevance. Their team was generous with their insights and time, and their dashboards brought the survey findings to life – a testament to how they support companies and fund managers to use impact data more effectively.

Leticia Emme of **North & Sur** provided invaluable expertise throughout this project. Her thoughtful approach to survey design and her commitment to elevating the company perspective were instrumental in shaping the research.

We acknowledge the **SJF Institute** for its preliminary funding, which helped launch this project. Their early support, foresight, and leadership were essential to catalyze momentum in our early days.

Special thanks go to our **Steering Committee**, whose expertise, feedback, and steady guidance ensured the clarity, relevance, and value of this project. Their insights were critical in translating qualitative experiences and quantitative findings into actionable recommendations for the field.

Finally, we extend our gratitude to the many company founders and operators and ICM members who generously shared their time, insights, and experiences. Your engagement and candor are what make this research meaningful.

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Foreword from Impact Capital Managers Institute

Impact Capital Managers Institute (ICM) is excited to introduce *Impact Data as a Value Driver: Company Perspectives and Practice*. This new research examines impact data from the vantage point of companies receiving capital from private equity and venture funds that have both a market-rate return and impact mandate. These companies—the catalyst of impact—are doing the hard work of creating social and environmental benefits as they scale. However, in impact investing discourse their experiences with the measurement and management of impact data are not well understood or fully appreciated. This study brings their perspectives to the fore.

Some of the findings provide evidence for assumptions held by impact investors, for example, that a large majority of companies agree impact KPIs can be drivers of value creation. Other findings point to a market gap: over 80% of companies surveyed need more time, resources, and support to fully realize the business value of those KPIs. Finally, this report suggests possible ways that investors and companies can begin to close that gap, such as streamlining investor data requests, helping companies benchmark against each other, and anticipating how impact data may position them for success in various regulatory contexts.

We are grateful as ever to our partners without whom this field-building effort would not be possible. Builders Vision and the SJF Institute in particular offered both intellectual and key funding support; we thank them for their partnership. We are also thankful for our research partners UpMetrics, Morrison Foerster, and Leticia Emme for their expertise and insights from project conception to report launch, and the Steering Committee for their contributions. This study is stronger because of their guidance. It is our hope that this research—together with ICM's study *Impact Allocator Perspectives: Impact Reporting Priorities in Theory and Practice*—provides fresh insights and practical intelligence across the impact investing value chain, grounded by our mission to scale the private capital impact investing marketplace with integrity and authenticity.

A Note from Our Partner UpMetrics

At UpMetrics, we believe impact data should strengthen strategy and drive value for investors and portfolio companies alike. Our role in this research with Impact Capital Managers was rooted in that conviction. Through designing the survey, analyzing results, and capturing case studies, we saw clear themes emerge: companies navigating multiple reporting systems and non-standardized requests, limited opportunities for shared learning or feedback, capacity constraints, and a need for earlier alignment on metrics tied to business realities. Yet we also saw what's possible when collaboration works — when investors coordinate on standards, offer resources, and create space for two-way insight-sharing. The findings point to a clear opportunity: with the right technology and better alignment, impact reporting can become far less burdensome and far more valuable for all involved. UpMetrics is committed to supporting this shift by building software tools—informed by this research and in partnership with practitioners—that make impact data easier to gather, interpret, and use to drive business objectives forward.

Foreword from Morrison Foerster

The Impact team at Morrison & Foerster is very proud to once again collaborate with Impact Capital Managers as they navigate from the theoretical to the practical for venture backed and growth companies. ICM and its members recognize that companies that focus on the environmental and social impact of their operations, products and services perform better in the long-term. An ability to effectively measure, benchmark and report on that impact enables a company to demonstrate value to shareholders, employees and other stakeholders. At this time when impact has become hyper-political, it is important to return to the basics. Impact is not Corporate Social Responsibility or "doing a little bit of good" on the side of mainstream operations. Impact is not ESG, although elements of ESG that are material also drive value. And the regulatory regime is gradually catching up. While the US federal government has abandoned, and the EU is in the process of overhauling, regulatory disclosure requirements of impact and ESG metrics, there are 37 jurisdictions that have adopted robust disclosure requirements (generally following ISSB S1 and S2). These regulations impact not only large companies that operate in those geographies but also all of their customers and suppliers who must measure and report to those subject to the regulation. So embedding impact metrics and measurement early in a company's life-cycle will pay dividends for months and years to come.

Research Methodology Overview

Motivation Behind Research and Landscape Analysis

As Impact Measurement and Management (IMM) practices evolve, the focus to date has been driven predominantly by the needs and requests generated by limited partners (LPs) and general partners (GPs). These stakeholders require frequently bespoke and detailed data for decision-making, management, compliance, and regulatory disclosures. Yet, the implications for portfolio companies are significant.

What is Impact Measurement and Management (IMM)?

All companies have impact of some kind; it can be positive or negative, and intended or unintended, on the environment or on people, including customers, clients, and employees.

IMM is the process by which any organization understands, acts on, and communicates its impacts on people and the environment, in order to reduce negative impacts, increase positive impacts, and ultimately to achieve sustainability and increase well-being.

For companies, IMM means establishing systems to track and improve social and environmental outcomes. For investors, it means assessing both the impacts of portfolio companies and the investor's own contribution to those outcomes. Effective IMM integrates impact considerations into strategic decision-making throughout the investment cycle—from screening and due diligence to portfolio management, performance assessment, and exit.[1]

Private companies often collect and report the data themselves, making their ability to gather impact-oriented data that informs effective decision-making at the company and investor level foundational. This requires unique skillsets and capacities either within the company or through external partners. However, the level of IMM activity and expertise varies considerably at companies. Impact management systems help to compile and collate data directly useful for companies if the metrics and approaches align with their operations. Even with the best IMM approach, the exercise of reporting remains a cost center requiring time and resources that can be spread thin—especially for less developed early-stage companies.

Currently, research on companies receiving capital from impact investors is limited. A handful of examples exist, such as Harvard Business School's Project on Impact Investment's database of 14,000 portfolio companies of impact investors.[2] This research intends to inform the field, most specifically added value, capacities, needs, and opinions of companies on IMM. This is notable, as IMM is one of the defining features that separates impact from non-impact investors. At its best, IMM can be a value-adding process that supports companies' mission and growth. It serves as one tool in the impact investor's value creation toolkit that can drive positive impact and financial performance. This research will generate actionable insights on how to refine and evolve IMM approaches based on company perspectives.

1 This definition of IMM draws from the Impact Management Project principles and norms by Impact Frontiers and the Global Impact Investing Network (GIIN), as well as the Operating Principles for Impact Management.

2 Burton, M. D., Chadha, G., Cole, S. A., Dev, A., Jarymowycz, C., Jeng, L., Kelley, L., Lerner, J., Diaz Palacios, J. R., Xu, Y., & Zochowski, T. R. (2021). *Studying the U.S.-Based Portfolio Companies of U.S. Impact Investors* (Working Paper 21-130). Harvard Business School. https://www.hbs.edu/impact-investments/Shared%20Documents/Studying-the-US-Based-Portofio-Companies.pdf

Research Methodology

The survey was designed by the ICM research team in partnership with North and Sur, UpMetrics, the project Steering Committee, and ICM member IMM Working Group.[1] See Appendix A for an overview of survey contents. The survey was disseminated by ICM, ICM member funds, and trusted impact thought partners to lead contacts at portfolio companies.

To participate, each company confirmed that it had at least one impact-focused investor among its capital sources. An impact investor was defined as a source of capital from a private investor that requests social or environmental impact data on a regular basis. Impact data was defined as "information/metrics that help the company measure and understand the social and environmental effects of the company's activities, on people or the planet."

Complete responses from 94 companies were collected between April and July 2025. All company-level responses were kept confidential and analyzed in aggregate. No individual company or fund-specific data is disclosed without permission. As a voluntary survey, responses may reflect some degree of self-selection bias and are reflective of the ICM membership profile in terms of company stages and operating locations. Findings should be interpreted as indicative of trends among sampled companies only.

This research explores fundamental questions about how companies perceive and engage with impact investing: How do they define and measure their impact? Do they self-identify as impact-driven enterprises, or is this designation primarily investor-derived? What are their perspectives on impact data collection and its role in their operations?

Profile of Participating Companies

Nearly three-quarters of participating companies are headquartered in the US and Canada with the remaining quarter operating outside North America.

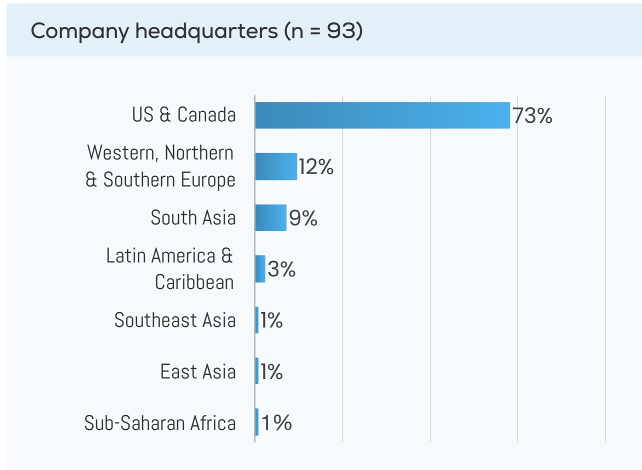

Figure 1. Company Headquarters

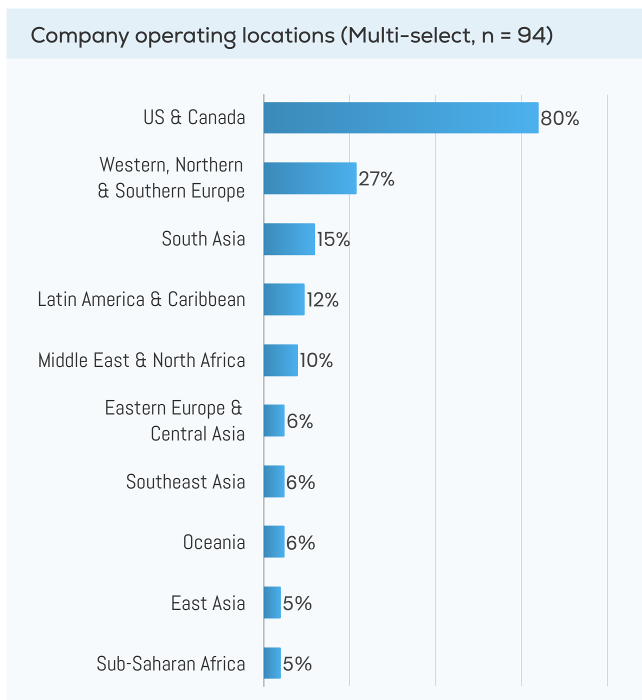

Figure 2. Geographic Operating Locations

1 The ICM IMM working group is composed of ICM Association members: Carolyn Farley (Arborview Capital), Heather McPherson (S2G Investments), Kelsey Jarrett (SJF Ventures), Lissa Glasgo (Turner Impact Capital), Luba Shabal (Ember Infrastructure), Narina Mnatsakanian (Regeneration VC), Stephanie Nieman (Leeds Illuminate), and Tom Woelfel (HCAP Partners)

Of participating companies, the median employee headcount is 40, though the sample includes several substantially larger organizations. The median year of incorporation is 2017, with roughly 90% of companies having been incorporated in 2007 or later. Participating companies operate across a wide range of business sectors, with the largest represented by IT (30%) and healthcare, water, and sanitation (26%).

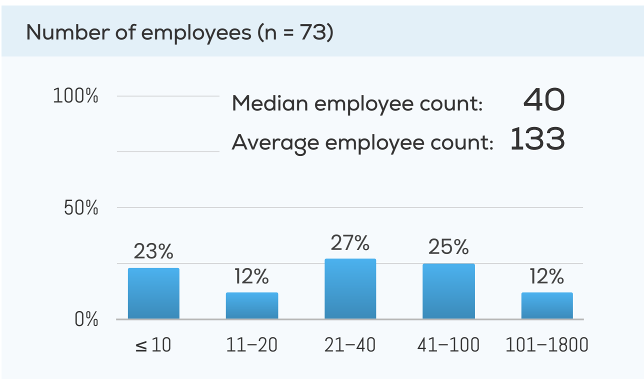

Figure 3. Company Size by Headcount

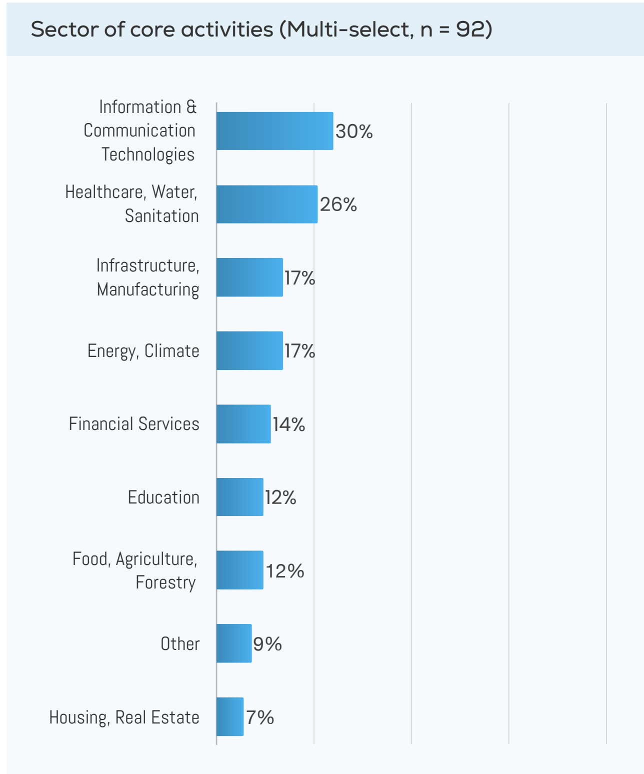

Figure 4. Company Operations by Sector

Top Tips

TOP TIPS FOR **COMPANIES**

Start with the basics.

Put the impact story of the company on paper. Companies probably already know how their product or service affects people's lives or the environment, but may not have it written down formally, or may call it a value proposition but not recognize it as the foundation of a theory of change.

Start with the company's impact proposition: "We provide [product/service] to [who] so that [change happens]." For example, "We provide affordable solar panels to low-income homeowners so that they can reduce their energy bills and carbon footprint."

MORE IN **CHAPTER 1**

Business metrics can reveal impact, and impact metrics can drive business value–treat them as interconnected, not separate.

Much of the data companies already collect—such as customer reach, product usage, or efficiency improvements—can measure impact when framed around outcomes for people and the planet.

Manage impact data alongside core operational indicators such as risk, customer satisfaction, and retention. The more impact and performance metrics overlap, the easier it becomes to embed impact into decision-making.

MORE IN **CHAPTER 1**

Be proactive and engage with investors.

Don't hesitate to ask questions or propose alternative ways to measure impact metrics and value. Impact investors may be flexible and collaborative when companies bring forward practical approaches or limitations. If multiple impact investors request different data, have an open conversation about whether they can align.

MORE IN **CHAPTER 6**

TOP TIPS FOR **FUND MANAGERS**

Meet companies where they are.

Be explicit about what data you need, how you need it formatted (frameworks, units, or standards), and why it matters.

Be flexible when possible if a company cannot collect specific metrics, align perfectly to a framework, or feels its impact is not well represented. Focus on progress, not perfection.

Foster dialogue. Make data collection a conversation rather than a compliance exercise. Enable companies to ask questions, provide feedback, and co-design reporting processes.

MORE IN: **CHAPTER 6**

Enhance companies' capacity to conduct IMM.

Where budgets allow, offer to allocate technical assistance or flexible capital to fund a company's Impact Measurement and Management (IMM) systems or external consultants. If co-investors are likewise interested in impact data, coordinate to co-fund shared IMM tools or data infrastructure.

Share your diligence. After investing, provide the company with your impact assessment, investment rationale, and view on its impact proposition—creating transparency and alignment.

MORE IN: **CHAPTER 6**

Highlight the value of impact data, and provide more feedback.

Share your own impact report with portfolio companies, demonstrating how their data informs your decision-making and communications.

Offer benchmarking across your portfolio (where appropriate) to help companies understand performance relative to peers and identify improvement areas.

Showcase practical examples of how impact data supports business value—whether by driving product development, customer engagement, or risk mitigation.

MORE IN: **CHAPTER 4** & **CHAPTER 5**

Chapter 1: Defining Impact Data, Identifying Metrics, and Common Impact Data Challenges

This research by ICM surveyed private companies with impact investors to understand their perspectives on IMM, revealing that while 70% collect impact data and 50% find it valuable, many companies don't recognize their core business metrics as impact indicators or lack formal theories of change. The findings highlight key opportunities for companies to broaden their definition of impact to include existing business metrics and develop explicit impact frameworks.

1.1 Understanding How Companies Define and Collect Impact Data

ICM sought to understand the perspectives and experiences of companies within its members' portfolios regarding IMM. Participants were surveyed on their approaches to collecting impact data, which, for the purposes of this study, refers to social and environmental information and metrics that quantify the effects of business activities on stakeholders and ecosystems. This definition of impact data was designed to be all encompassing and accessible, recognizing that companies may conceptualize and track impact in diverse ways across sectors and stages of development.

When asked about their collection of impact data, 70% of companies said that they already collect impact data (39% "yes", 31% "some, and intend to collect more"). 30% of companies said that they do not collect impact data (17% "no", 13% "not yet, but intend to"). On one hand, 70% of companies gathering impact data is a positive indicator. However, given that every participating company has at least one impact investor, it is notable that not all of them report collecting impact data.

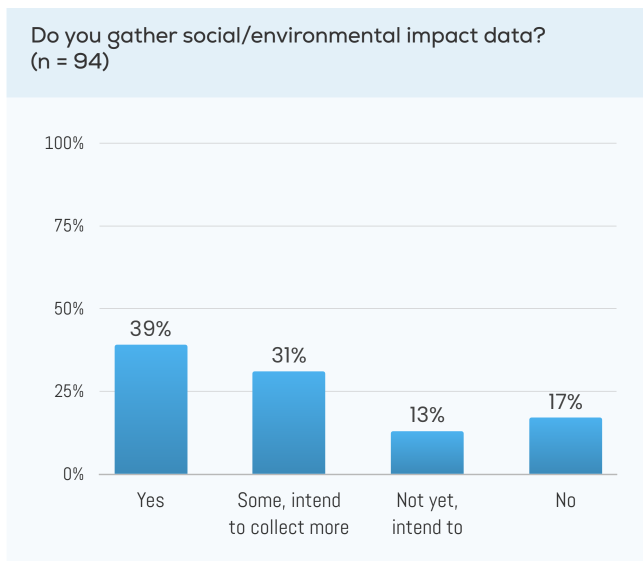

Figure 5. Companies Gathering Impact Data

This finding—30% of companies reporting not collecting impact data—may reflect differences in terminology and framing rather than a true absence of IMM. Many companies may not recognize their core business metrics as "impact data," even when these metrics directly capture social or environmental outcomes. For example, a company in healthcare or communication technologies may not categorize already-collected business metrics such as data around customer demographics, product usage rates, efficiency improvements, Net Promoter Scores, or challenge rates as impact data. These companies may view such metrics as standard performance data rather than IMM. **This underscores the importance of impact investors helping companies recognize and frame their existing operational data as valuable impact metrics and outcomes.**

1.2 Theories of Change Among Companies

ICM asked companies whether they had a theory of change—a formal articulation of how their business creates positive change: "Does your company have a theory of change?" Forty percent of respondents reported having a formal theory of change in place, while an additional 29% indicated they either maintain an informal version or plan to develop one soon. It is possible that some companies have, in fact, articulated elements of an impact proposition within their business strategy but, similar to the variation in how impact data is defined, do not use the term impact, let alone think of these as part of a theory of change.

The most significant predictor of having a theory of change is the composition of a company's investor base. Companies with more than one impact investor are substantially more likely to have developed a formal theory of change (55%) compared to those with only a single impact investor (17%). This difference is not necessarily surprising, as companies with more impact investors are more likely to be strongly impact-focused and to identify as such, making them more likely to have a defined theory of change.

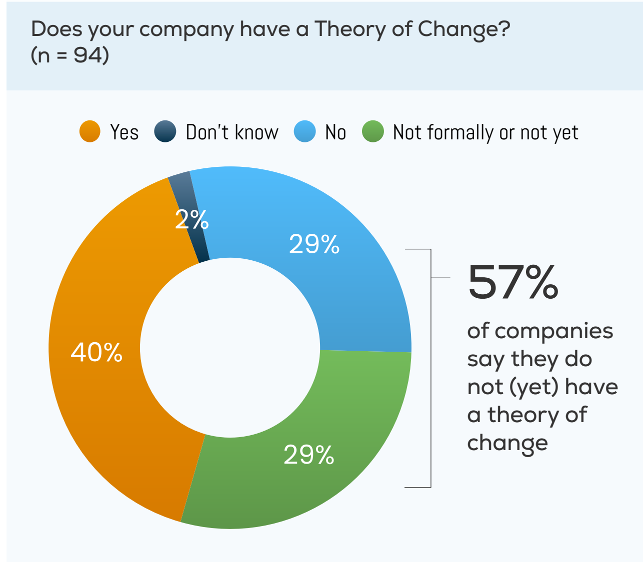

Figure 6. Theory of Change

1.3 Investor Reporting Requirements and Collaboration in Metric Selection

The demand for impact data varies considerably across companies' investor bases. Thirty-nine percent of companies report that all or more than half of their investors require regular impact reporting. Fifty three percent indicate that less than half of their investors have this requirement, and nine percent do not know what percentage of their investors require such reporting. This question was assessed according to the number of investors, without regard to the size of their investments.

Beyond baseline reporting requirements, many investors request impact data that companies would not otherwise track; 56% of responding companies face at least some demand for impact data they would not independently collect; 44% of companies report that none of their investors ask them to track data beyond what they would otherwise gather for their business activities. This substantial investor-driven data collection highlights the extent to which external requirements shape companies' IMM practices.

Do any of your impact investors ask you to report on social/environmental impact data that you would otherwise not track or gather? (n = 92)

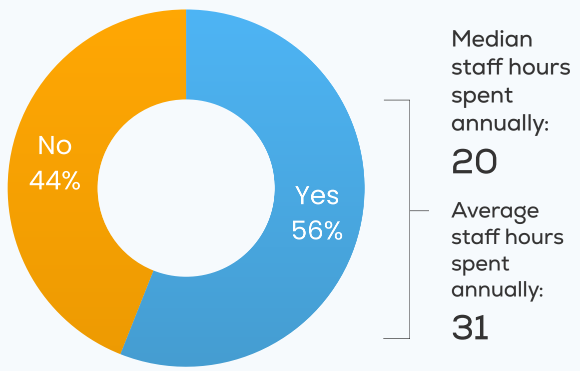

Figure 7. Investors Requiring Additional Impact Data

For the 56% of companies collecting additional, investor-requested impact data, the resource challenge varies. The median company spends 20 hours per year on this additional tracking, though experiences differ widely. Seventeen percent characterize the staff time and financial expenses as significant, and 27% consider them somewhat significant. Fifty-six percent of companies collecting additional impact data report the challenge as not significant. ICM also asked this subset of companies about the quantity of hours per year spent gathering and tracking this additional impact data. The previously examined perceptions correlate closely with estimated time investments: companies describing the time challenge as significant spend a median of 41 hours annually, more than double the 20 hours reported by those who do not consider it significant.

This suggests that while impact data collection efforts create additional work for some companies, the majority manage these requirements without substantial resource strain, underscoring the potential economies of scale to reporting. Reporting frequency reflects these varying levels of engagement: most companies report quarterly (42%) or annually or less often (31%), with smaller proportions reporting monthly (4%), bi-annually (17%), or on an irregular cadence (6%). Directionally, though not statistically-significant, companies that are required to report more frequently (monthly or quarterly) are more likely to rate the staff time spent as significant or somewhat significant, compared to those who are required to report only bi-annually, annually, or less-frequently. With a larger sample size, this correlation may be more definitively significant.

Do you characterize the additional staff time and financial expenses associated with impact data tracking as significant? (Asked to those who reported additional data required by investors, n = 52)

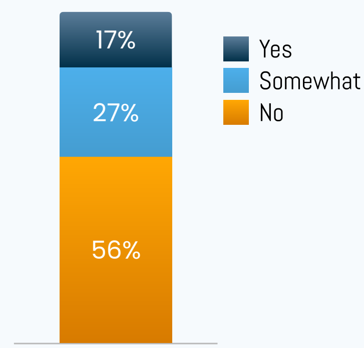

Figure 8. Burden of Additional Collection Time

Is the additional investor-requested data you gather and report to your impact investors useful and valuable to your company? (Asked to those who reported additional data required by investors, n = 52)

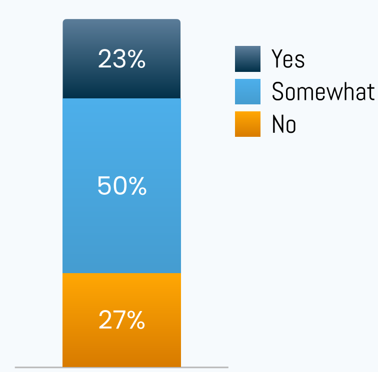

Figure 9. Value of Additional Data Collection

The perceived value of investor-requested impact data also varies considerably. Twenty-seven percent of companies report that "yes", the additional data helps them make better decisions related to strategy, marketing and communications, operational efficiency, product design and development, and customer service. Half describe the data as "somewhat" useful and valuable, noting that while it could inform their work, they lack either the knowledge or time to incorporate it effectively into their processes. Nearly a quarter—23%—indicate they do not use the data for any purpose other than reporting to investors.

ICM also asked all companies that said they currently collect impact data: "How valuable do you find your impact data to be to your company?" In response, 76% reported impact data to be valuable overall, with 42% saying it is "very valuable." This finding suggests that companies see greater value than just an investor checkbox for tracking these metrics. **Helping companies to translate these insights into decisions to find and enhance opportunities to drive outcomes for their customers, community, or environment, but also use the data to drive business value and profitability, represents a potential opportunity.** See more examples of this in Chapter 4.

How valuable do you find your social/environmental impact data to be to your company? (n = 62)

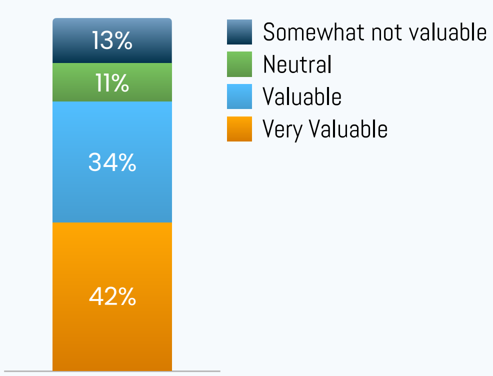

Figure 10. Value of Impact Data to Those Gathering

The process by which impact metrics to be tracked are determined reveals an important divide in investor-company relationships. Forty percent of companies report a one-way process in which investors simply inform them of the required metrics to collect without seeking the company's input. Another 40% characterize the process as collaborative, with investors and company leadership working together to identify appropriate and feasible metrics. The remaining 20% percent do not know how the metrics were determined. This split between directive and collaborative approaches suggests meaningful variation in how investors engage their portfolio companies on IMM, with potential implications for both data quality and the usefulness of resulting insights.

1.4 Patterns Among Companies Not Collecting Impact Data

Interestingly, 30% of surveyed companies report that they are not currently collecting impact data—13% indicate they are not yet doing so, while 17% state they are not and do not plan to. The results from this question warrant careful interpretation. Many of these companies may not identify themselves as impact-oriented organizations, or they may be collecting impact-relevant data without recognizing it as IMM. Standard business metrics such as customer demographics, population characteristics, challenge rates, and Net Promoter Scores can serve as meaningful impact indicators, even when not formally intended to be.

ICM wanted to tease out what is different about companies that stated they do not collect impact data compared to their data-collecting counterparts. Among companies not tracking impact data, most are concentrated in the United States (85%), with the largest shares in information and communication technologies (41%) and healthcare or sanitation services

(37%). It is possible that companies in these sectors are considered impact-oriented by their investors, but may not consider themselves impact-oriented. These companies who do not report collecting impact data have fewer investors requiring impact reporting and are, unsurprisingly, less likely to have developed formal IMM infrastructure: only 18% have a theory of change compared to 50% of companies that collect impact data.

Companies not collecting impact data are more likely to lack formal data-gathering processes. Sixty percent report no investor demand for additional impact data, and these companies tend to use any impact data they have solely for reporting rather than for strategic purposes. Notably, 23% indicate that they do not want investor assistance with IMM, compared with 8% of companies already collecting data. Taken together, these patterns suggest opportunities for investors to help portfolio companies recognize and formalize the impact data they may already possess.

1.5 Key Impact Data Challenges Reported by Companies

Companies face significant resource constraints in their IMM efforts, with challenges extending beyond mere data collection to actual data utilization. The research reveals that 46% of companies report they would like to use their social and environmental data for purposes beyond investor reporting, but lack the time to dedicate to meaningful analysis and application. Additionally, 35% cite that measuring and managing social/environmental data is expensive and difficult, often lacking a dedicated resource to streamline the process.

> "Streamline investor reporting so that no investors ask for custom skews of data on a regular basis."
>
> – Participating Company

Importantly, these challenges do not stem from companies failing to appreciate the value of impact data. As demonstrated above, most respondents recognize its importance and potential business value. Rather, the barriers arise from inefficiencies and redundancies embedded in current IMM practices, combined with the reality that impact company teams and founders have competing priorities that often take precedence over deeper impact data analysis.

What are the main challenges you face when it comes to managing your social/environmental impact? Multi-select. (n = 82)

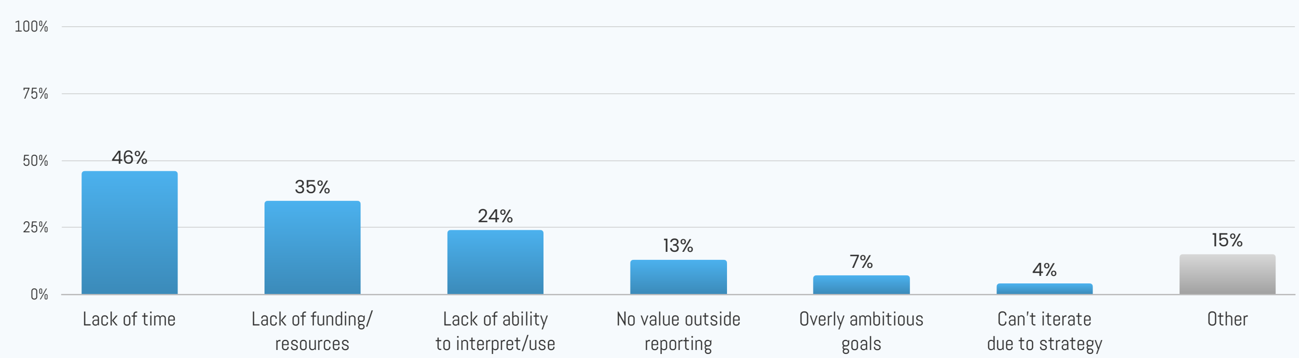

Figure 11. Top IMM Challenges

> "[We would like to] have a more formal way of collecting data and disseminating the report."
>
> – Participating Company

> "[We] need to formalize our approach and standardize our reporting better."
>
> – Participating Company

This gap between data collection and utilization represents a critical opportunity for improvement by aligning impact data requests (and metrics definitions) across co-investors, and allowing companies the flexibility wherever possible and relevant to report impact metrics that are relevant to their company. By aligning IMM more closely with existing business activities—and shifting from compliance-driven exercises to efficient processes that create clear value for both companies and investors—the ecosystem can help companies manage these resource constraints. Fund managers and investors can play a crucial role by contributing tools, technical assistance, or dedicated resources that minimize the time and cost burden of impact data collection and analysis, ultimately enabling companies to leverage this data for strategic decision-making rather than treating it as a reporting obligation.

TOP TIPS FOR **COMPANIES**

Start with the basics.

There is significant opportunity and rationale, as described below, for companies to strengthen their impact and enhance their business proposition and market position through formal theories of change.

Currently, only 40% of surveyed companies have a formal theory of change, despite all having at least one impact investor. Another 29% maintain informal versions or intend to develop one, suggesting that companies often have implicit impact drivers embedded in their value propositions but haven't formalized these frameworks—missing opportunities for strategic clarity, operational alignment, and marketing.

The data shows compelling evidence for formalization. Companies with multiple impact investors are more than three times as likely to have formal theories of change (55%) compared to those with single impact investors (17%). Among companies not currently collecting impact data, only 18% have theories of change versus 50% of impact data collectors—highlighting that developing this foundational framework could catalyze more robust IMM systems. A clear theory of change also positions companies as stronger partners in metric selection: 40% of companies experience collaborative processes with investors, while another 40% face one-way directives, and 19% don't know how their metrics were determined.

Start by articulating your value proposition as an impact proposition in the format: "We provide [product/service] to [who] so that [change happens]." From there, list out what resources you put in, like money, staff, and materials (inputs), what you produce or deliver, like products sold, services provided (outputs), and what changes as a result, such as skills gained, emissions reduced, health improved (outcomes).[1]

SEE FULL LIST OF **TOP TIPS**

1 For further information about defining, measuring, and managing impact, see UpMetrics' introductory guide for organizations: https://blog.upmetrics.com/impact-measurement

TOP TIPS FOR **COMPANIES**

Business metrics can reveal impact, and impact metrics can drive business value—treat them as interconnected, not separate.

The research reveals a critical insight: many companies are likely measuring impact without recognizing it as such. With 30% of surveyed companies reporting they don't collect impact data—despite having impact investors—there's a clear disconnect between how companies perceive "IMM" versus standard business Key Performance Indicators (KPIs) or metrics. This gap is particularly pronounced in sectors such as information and communication technologies (41% of non-collectors) and healthcare services (37% of non-collectors), where companies may view themselves as traditional businesses rather than impact-oriented organizations, even though their core business inherently creates social or environmental value.

Companies should recognize that much of the data they already collect can serve dual purposes. Standard business metrics: customer demographics, population characteristics served, product usage rates, efficiency improvements, Net Promoter Scores, or challenge rates, are often impact indicators as well. A healthcare company tracking patients served, a fintech measuring financial inclusion metrics through customer demographics, or a clean technology firm monitoring avoided emissions are all capturing impact through their routine business intelligence. By reframing these existing metrics as impact data, companies can reduce the perceived challenge of IMM while gaining deeper insights into their value creation.

Survey responses highlight the business case for this integrated approach: 76% of companies collecting impact data find it valuable, with 42% calling it "very valuable." These companies report using impact data not just for investor reporting but for strategic decision-making across marketing, operations, product development, and customer service. By treating impact metrics as business metrics, companies transform compliance-driven data collection into a strategic asset that drives both mission alignment and commercial success. This shift in perspective—from viewing IMM as an additional challenge to recognizing it as embedded in core operations—can help the 56% of companies who currently collect investor-requested data they wouldn't otherwise track to find greater value in these metrics while potentially reducing the median 20 hours annually spent on additional data gathering.

SEE FULL LIST OF **TOP TIPS**

Chapter 2: Regulation and Disclosure Frameworks Influence on Reporting Practices

As impact frameworks continue to advance across the European Union, Japan, the United Kingdom, and other markets, regulations surrounding the disclosure of impact data are evolving for both impact investors and companies. In light of this shifting regulatory landscape, we set out to examine what these emerging requirements mean for the field.

2.1 Legal Readiness for Impact Reporting and Sustainability Disclosure, from Morrison Foerster

Less than 5% of companies surveyed indicated that they are legally required to track and report sustainability and impact-related data. The vast majority of U.S. companies that participated in the research study reported being unaware of any current or forthcoming legal obligations, while only about a third of non-U.S. companies recognized that such requirements could apply to them as they scale. In our view, this reflects two interrelated factors.

First, many of the relevant regulatory regimes are either newly adopted or not yet in force. For example, the EU Corporate Sustainability Reporting Directive (CSRD) and its implementing reporting standards, the European Sustainability Reporting Standards (ESRS), are key drivers of forthcoming obligations, yet have had staggered phase-in provisions, and implementation of certain European legislation, including CSRD, varies by jurisdiction. While, for example, the EU Sustainable Finance Disclosure Regulation (SFDR) as the main European sustainability disclosure regime has applied to financial market participants offering their products on the EU market since March 2021, more detailed disclosure requirements under the accompanying Regulatory Technical Standards (RTS) only entered into force in January 2023. As a result, many companies have not yet heard a clear signal when it comes to compliance.

Second, many legal practitioners and advisors remain unfamiliar with the nuances of these new regimes and the ongoing debates about modifications to their scope (such as the recent proposal of an overhaul of SFDR—also referred to as SFDR 2.0—and the adjustment of the scope of applicability of the CSRD), and therefore have not fully advised clients—especially smaller or early-stage companies—on the potential implications. As a result, companies are often under-prepared not only for the potential direct, but in particular for the "indirect" application of sustainability disclosure requirements through contractual relationships and supply chain reporting, which affect companies regardless of size and jurisdiction.

While smaller portfolio companies are unlikely to be directly subject to these regulations in the near term, many of the large multinational corporations subject to CSRD, ESRS, and similar frameworks are required to gather ESG and sustainability data from their entire value chains. This "upstream and downstream" reporting requirement effectively extends legal expectations to smaller private companies that supply or contract with larger entities. Increasingly, we see these obligations incorporated into commercial contracts and procurement documents, often as standardized ESG disclosure riders. Our clients have already begun to face such contractual demands and, in some cases, have opted to forgo business opportunities rather than agree to data collection or disclosure terms they were not prepared to meet. Others are taking a more proactive approach—anticipating potential application of major reporting regimes, conducting materiality assessments of their operations, and beginning to track relevant sustainability and impact data to enable compliance with "upward reporting" requests.

Our Takeaway

Even in the absence of direct legal mandates, the practical effect of global sustainability and ESG reporting regimes will inevitably cascade down to smaller companies. Those that prepare early by developing credible systems for data collection, verification, and governance will be best positioned to maintain relationships with major corporate partners and to navigate the evolving legal landscape with confidence. Morrison Foerster looks forward to continuing to partner with ICM members to help their portfolio companies navigate the evolving legal landscape for sustainability impact reporting.

Chapter 3: IMM Journeys: Experiences of Emerging vs. Established Companies

Emerging and established companies report remarkably similar IMM challenges and practices. The primary distinctions lie in emerging companies' higher adoption of formal theories of change and their greater need for funding to build foundational data infrastructure.

Investor requests for data tend to differ for companies in the seed stage versus for profitable and mature companies. Intuitively, companies at each stage face separate obstacles that may require different solutions. For this analysis, companies are divided into two categories—those established before 2020 ("established", 77% of companies) and 2020 and after ("emerging", 23% of companies). Interestingly, findings indicate there are few differences in the data by company age, though qualitative insights from the following case studies highlight the significance of company development on IMM.

3.1 IMM Challenges by Company Tenure

Emerging companies may face specific challenges regarding their impact data management capacity, due to limited operational scale and product deployment.

Emerging companies tend to be smaller; the median employee count of emerging companies in this dataset is 10, compared to 50 employees among established companies. With smaller teams, company leadership may be required to assume multiple roles, including functions related to customer success, sustainability, or impact.

However, there are no significant differences in response to the question: "What are the main challenges you face when it comes to managing your social/company environmental impact?" It is noteworthy that emerging and established companies predominantly cite the same challenges to managing their impact, though it is possible that with a larger sample size there may be more evident differences. Similarly, 75% of both emerging and established companies say they have some formal process for gathering and managing impact data.

What are the main challenges you face when it comes to managing your social/environmental impact?
Multi-select. (Emerging n = 20, Established n = 62)

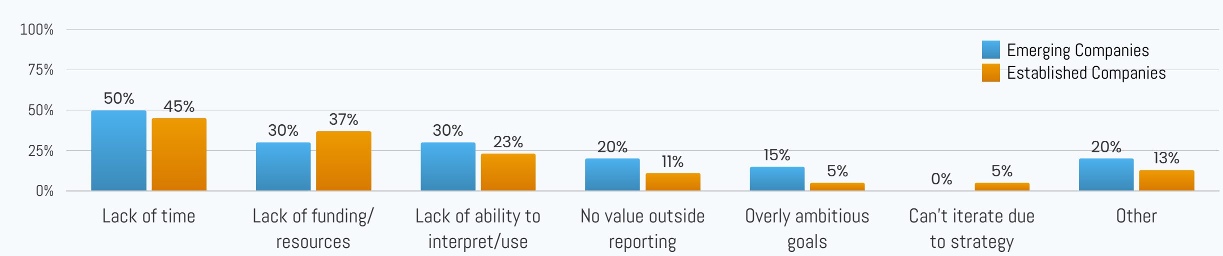

Figure 12. Challenges by Company Tenure

3.2 Theory of Change by Company Tenure

A notable difference between emerging and established companies is in their development of theories of change. Emerging companies are significantly more likely to have a formal theory of change (59%) than mature companies (36%).

Several factors may explain this generational difference. Emerging companies have likely entered an impact investing ecosystem where formal frameworks are increasingly expected from the outset by investors, with many building IMM infrastructure as part of their initial design rather than retrofitting existing operations. Meanwhile, established companies may have established their practices before such frameworks became commonplace. The higher prevalence of theories of change among emerging companies could also reflect the broader evolution of impact investing, as educational resources, templates, and best practices have become more accessible to new entrants. These patterns suggest that support strategies might need to vary by company maturity: established companies could benefit from help formalizing and recognizing their existing but under-recognized IMM practices, while emerging companies may need assistance operationalizing frameworks they have already adopted..

3.3 Desire for Funding for Internal Data/Tech Infrastructure

In general, companies responded similarly to the types of requests for support from their investors (see Chapter 6), regardless of tenure. The one distinction is that emerging companies are more likely to request funding specifically to develop or improve their own impact data and technology infrastructure (65%, versus 35% of established companies). This pattern aligns with the reality that emerging companies are often still establishing and formalizing their internal processes.

kadeya® | CASE STUDY

Kadeya is an early-stage, mission-driven company that exemplifies some common challenges of the beginning of the IMM journey.

Kadeya CEO Manuela Zoninsein founded the company in 2020 with a mission to replace single-use plastic bottles with reusable, metal bottles. Kadeya's products are sold in vending machines that clean and refill the bottles with fresh drinks.

To ensure the positive impact of their product, Kadeya funded a third-party life cycle analysis[1] of their products, which helped establish confidence among both investors and customers that their products are truly helping to reduce the use of single-use plastic. Armed with these findings and the team's market knowledge, Kadeya was confident in their choice of a few select metrics that best represent the impact—aligned to their mission—and can easily be reported to impact investors.

However, similar to many early-stage companies, the first investment rounds included multiple investors with broad investment portfolios, resulting in a wide range of requests for data that is often secondary to Kadeya's core business, or not relevant to their market or scale of operation. Furthermore, the data requests came in via different types of forms and surveys that request non-standard units, such as different investors asking for pounds and kilograms of waste avoided. Similar to other small teams, investor relations and reporting fell on the CEO, creating an IMM challenge that is disproportionate to the stage and priorities of the company.

Zoninsein shared that Kadeya would greatly benefit from more intentional engagement from investors. They added that engaging in pre-investment discussions to identify and agree on the business metrics that generate the investor's desired impact, along with the approach to ongoing reporting, would be beneficial. Kadeya would also welcome investor insights from other sectors on how operational, design, and other company choices streamlined their IMM process.

Post-reporting, Kadeya would also like to see the investors' perspectives and assessment of the data they have submitted. The long list of data requests without any investor feedback creates a large challenge for companies at this early stage, and a lost opportunity for valuable collaboration.

> "Before investing, the investor could say to us: 'Here's our 10 metrics that we're tracking; we'd like you to pick the top three. This is how we would then want to integrate this into your financial model....We'll include the carbon and the water and the waste footprint as a part of your P&L.'"
>
> —Manuela Zoninsein, Founder & CEO, Kadeya

1 Life cycle analysis, or life cycle assessment (LCA), is a method designed by the International Organization for Standardization (ISO) to better understand and address the environmental impacts of a product in its lifecycle, including manufacturing and use. https://www.iso.org/obp/ui/en/#iso:std:iso:14044:ed-1:v1:en

TemperPack | CASE STUDY

The experience of TemperPack is common: the scope, challenge and value of impact reporting has evolved considerably as the company grows.

TemperPack was founded in 2015 and originally focused its IMM solely on the impact of its product: an alternative packaging that replaces polystyrene, a synthetic polymer. To strengthen their marketing narrative, they developed a life cycle analysis to quantify the avoided waste and reduced shipping footprint, and they shared these same metrics with investors. But as the company grew, the goal became to communicate the company's broader commitment to sustainability, not just the product impacts. These impact metrics for communication and decision making were drawn from multiple company functions, including operations, human resources, and product development.

Many new investors came aboard as the company grew, each introducing additional reporting requests, both related to product performance and to the company-level metrics they collect across their portfolios. It became increasingly unwieldy for TemperPack to manage the varying reporting cadences (annual, biannual, and even quarterly), the different tools investors used (templates, surveys, and portals), and the inconsistent units and definitions applied to similar measures. Frustratingly, the questions also evolved over time with little warning. Working reactively to these requests became difficult and also left a diminished sense of data ownership.

Ultimately, TemperPack switched to a proactive approach, creating their own data tracking system, to be able to push subsets of impact metrics out to different investors, and regain ownership of the data. They also added an analyst to the team to give the broader team more capacity not only to gather data but also to analyze and act on it, enabling new internal improvement projects.

As a result, their relationships with investors have deepened. The company has had more collaborative dialogues around specific metrics. TemperPack noted that some investors have pushed them to report new types of metrics, which helped the company focus on improving its process and operations in ways it might not have. The sustainability team became comfortable pushing back when data requests seemed irrelevant or unrealistic, asking for feedback and benchmarking where available, which has greatly improved the value of the data gathering effort.

> "Each questionnaire came in a different format…and once the data went to the investor we couldn't easily go back and look at it…..It didn't feel like our data…..so that is what drove us to invest in our own tool, because we couldn't even see year over year what was happening with the [impact] data."
>
> —Liz Helm, Sustainability Manager, TemperPack

Chapter 4: Practical Uses of Impact Data for Companies

Companies collecting impact data are leveraging it across multiple strategic functions, demonstrating its practical value beyond investor reporting. These diverse applications may offer useful perspectives for companies considering whether to invest in more robust IMM practices.

Of the 70% of companies that report collecting impact data, ICM asked how they use the data they collect, with multiple responses permitted. For this subset, companies that collect impact data report using it for multiple purposes: on average, in five different ways.

How do you use the social/environmental impact data you gather? (Multi-select, n = 62)

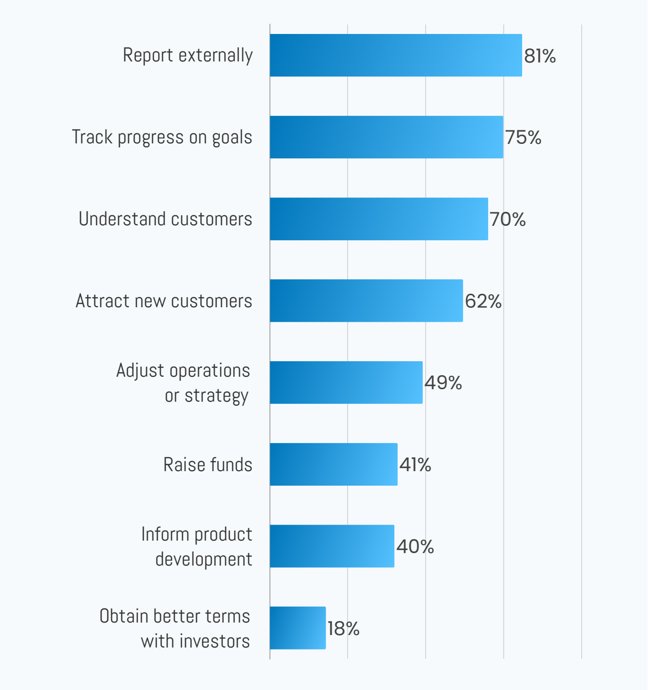

Figure 13. Uses of Impact Data among Data-Collecting Companies

4.1 Two Most Frequent Uses of Impact Data among Data-Collecting Companies

The most frequent use of impact data among companies already collecting impact data is for reporting: 81% of these companies say they use their impact data to report externally, including to investors and regulators. A significant percentage of companies (75%) also cited using their impact data to track progress on their goals. A compelling insight from the survey highlights the efficiency gains when companies integrate impact metrics directly into their business metrics. **While this level of integration is not feasible for every company or metric, it demonstrates how aligning IMM with core business operations can transform IMM from an additional challenge into a seamless part of regular business intelligence.**

> "Our goals are woven into our operating metrics, so it's not really an incremental lift to manage them."
>
> – Anonymous Participating Company

To extrapolate how companies may use existing industry frameworks to inform their reporting our impact goal setting, ICM asked: "Which of the following [frameworks] influenced your selection of the social/environmental data you track?" As illustrated in the table below, 56% of companies identified at least one external platform, standard, or framework that influenced their selection of impact metrics, while 44% either did not know or reported using none.

Which of the following influenced your selection of the social/environmental data you track?
(Multi-select, n = 90)

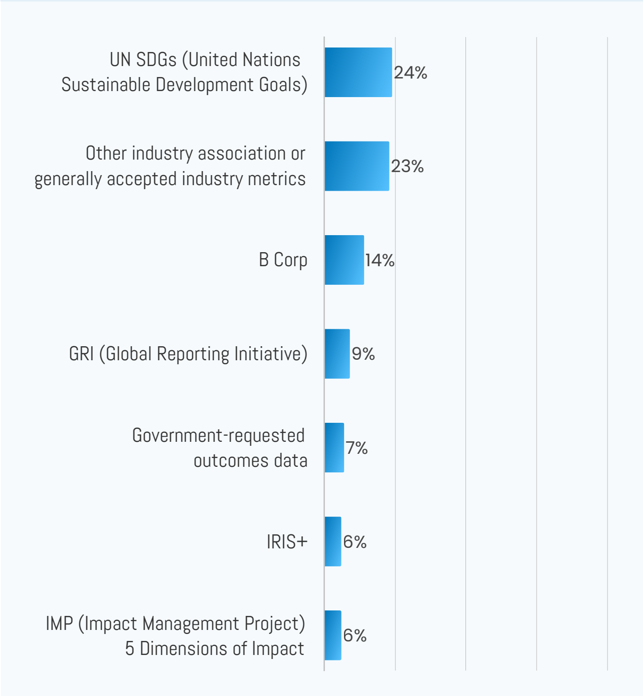

Figure 14. External Standards for Reporting

4.2 Marketing and Other Business Operations Applications

As displayed in figure 13, 70% of companies tracking impact data (47% of all responding companies) report using their impact data to better understand their customers and the effects of their products/services on them.

Sixty-two percent of companies report using their impact data to attract new customers, and 49% use it to adjust their operations or strategy.

For example, a healthtech company could use patient outcome data (social impact data) to identify which features improved health results, leading to higher retention; or a fintech could track financial health outcomes like increase in emergency savings and overdraft reduction (social impact data) to secure more business to business (B2B) partnerships by demonstrating positive financial outcomes for clients.

Tracking impact metrics also can help companies identify and mitigate operational, reputational, and financial risks before they escalate into major problems. For example, a manufacturing company tracking its water usage and wastewater quality (environmental impact data) could reveal higher wastewater contamination in a given facility and identify a failing filtration system, reducing water costs.

While a significant share of companies are applying impact data to these business strategy purposes, there remains a gap relative to the 75% who use the data to track progress against their goals. This gap suggests an opportunity for companies to make fuller use of the impact data they already collect (see Chapter 6).

The time lag between impact data gathering, analyzing, reporting, and ultimately using the data for business purposes may be a barrier for companies. When impact reporting is primarily conducted for annual investor reports, the data may no longer be timely or actionable by the time companies report it to the fund manager.

Chapter 5: Ways Companies Can Enhance Their IMM Experience

While most companies have an established IMM process, satisfaction with systems is not particularly high. Satisfaction with IMM processes is correlated with those who have a formal system, suggesting room for fund managers to provide support to companies in developing a formal process.

5.1. Current Systems and Levels of Satisfaction

ICM asked companies about their current processes for managing impact data, challenges, and desired support to improve the impact management process. As illustrated in the figure below, the majority (73%) of companies use a form of in-house data storage solution, including Excel or other data storage software, to manage impact data. Fifteen percent use custom software such as Salesforce or iLevel, 7% say they outsource their IMM to a third-party consultant or service, and 6% say they use some form of artificial intelligence in their data gathering or management. The prominence of in-house solutions is an important insight to inform how IMM-focused tools evolve.

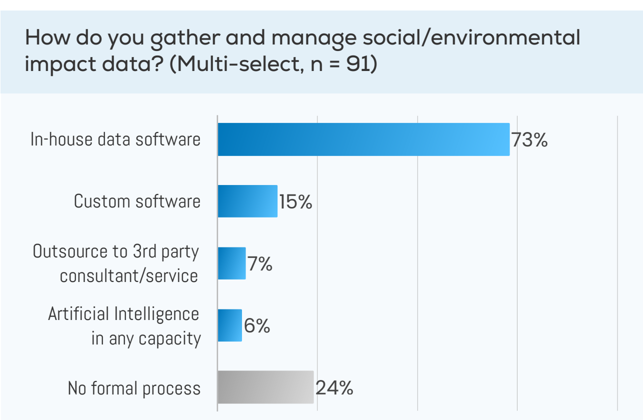

Figure 15. Process for Gathering Impact Data

As a follow-up, ICM asked companies to share their general satisfaction with their processes and systems for managing impact data. Companies indicate being largely neutral to satisfied with their current process with half indicating "neutral", and 39% responding "satisfied" or "very satisfied". Due to lack of variety reported of tools used, the data does not demonstrate any notable differences in satisfaction levels based on type of tool or process. With 73% of companies relying on in-house solutions such as Excel for impact data management, the field is presented with an opportunity to develop best practices and automation tools that can enhance efficiency and satisfaction with these widely-used systems.

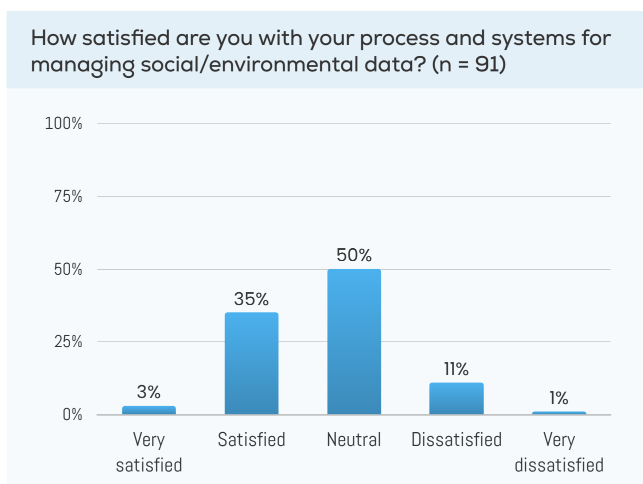

Figure 16. Satisfaction with IMM Process and Systems

However, companies that report having a formal process for IMM are more likely to say they are 'very satisfied' or 'satisfied' (49%) with their process than those who say they do not have a formal process (14%).

How satisfied are you with your process and systems for managing social/environmental data?
(Formal process n = 66, No formal process n = 22)

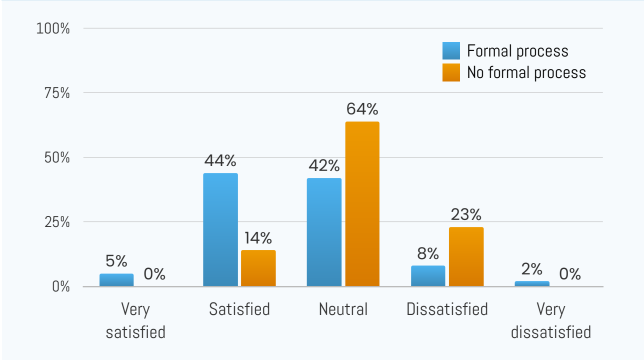

Figure 17. Satisfaction with Process based on Presence/Absence of a Process

To better understand why companies report only moderate satisfaction with their IMM processes, ICM explored the specific challenges and limitations that may be influencing these views. When asked to elaborate on their data management difficulties, companies most frequently cited three operational challenges: data availability, formatting inconsistencies, and internal organization issues. These operational barriers suggest that practical solutions—whether through automation or third-party support—could significantly improve the IMM experience. For companies facing disorganized data systems, external tools or services may offer a way to build more structured and effective processes.

TOP TIPS FOR **FUND MANAGERS**

Highlight the value of impact data, and provide more feedback.

If your portfolio companies are submitting impact data to you, have a conversation about that data to help companies better interpret the results and gain insights into what is happening with the business, as you would with reported financials and other business KPIs. This demonstrates that you are using the data for more than reporting out and glossy impact reports.

If you produce an impact report, share it with portfolio companies to demonstrate how their individual contributions aggregate into portfolio-level outcomes and inform your investment decisions. This will help to address a critical gap: while 81% of companies use impact data for external reporting, many don't see how their data ultimately creates value up the chain. By providing this feedback loop, you can help companies understand that their IMM efforts contribute to meaningful outcomes rather than feeling like a compliance exercise.

Consider offering benchmarking across your portfolio where appropriate to help companies understand their performance relative to peers. This is particularly valuable given that 56% of companies already use external frameworks such as the UN SDGs to guide their metrics. Comparative data can help identify improvement opportunities and validate successful strategies, turning isolated data points into actionable insights. For example, a company may believe it is underperforming on a given metric, only to learn through benchmarking that it is actually a strong performer within your portfolio.

Showcase practical examples of how impact data supports business strategy. Share case studies from your portfolio demonstrating how companies have used impact data to drive product development, enhance customer engagement, or mitigate risks. With companies reporting an average of five different uses for their impact data—from tracking goals (75%) to understanding customers (70%)—these real-world examples can inspire companies to move beyond viewing IMM as an operational challenge. Impact management can be integral to business success rather than an incremental lift.

SEE FULL LIST OF **TOP TIPS**

CASE STUDY

Aperia has seen firsthand that reporting tools for IMM are improving, yet remain imperfect.

Aperia Technologies manufactures equipment for heavy-duty trucks to automatically maintain tire pressure. This lowers fuel consumption, saving money and reducing carbon emissions.

Because fuel savings represent the core value proposition for clients, Aperia has consistently ensured that these reductions are accurately quantified. They also identified their core impact metrics and educated investors on the underlying calculations and physics that connect product sales to avoided carbon emissions. With two impact investors on their capital table, their reporting requirements now include broader measures of the company operations, footprint, process, and projections.

One of the benefits of gathering data for impact investors was that Aperia was in a better position to meet regulatory requirements, such as the International Organization for Standardization's requirements (ISO) as they expanded into regions and customer bases that require them. They acknowledge they would be further behind had it not been for this earlier-requested data gathering from their impact investors.

Aperia has also observed data gathering tools evolve over time, generally in a positive direction. Although they still face some challenges with different measures and units being asked of them, they see progress in the functionality of the tools that investors are sharing with them, especially those that provide both an investor and a company portal. They continue to seek out software solutions that can streamline the process and, in particular, seamlessly integrate data from their facilities and operations.

Aperia is a good example of a company that views IMM as a requirement that can be worthwhile when investors maintain an ongoing feedback loop through regular follow-on conversations. They not only want to know how they are meeting expectations and contributing to the investor's own impact goals, but also to gain insight into their relative performance through benchmarking against peers within or beyond the investor's portfolio or knowledge. Such a feedback loop is critical to realizing the full value of the effort invested in data gathering.

> "The investors have made investments in various [IMM] software platforms…which then give us access. That has definitely made this process much easier. And those software companies have also gotten better year to year in terms of their usability and their integrations. For example, they can pull our energy data straight from our online account."
>
> —Ryan Holtan, VP Of Business Development & Sustainability, Aperia Technologies

Chapter 6: Ways Investors Can Improve the IMM Experience for Companies

Seventy percent of companies say they have received some IMM support from investors, but there is a gap between what companies need and what they have received. Companies most want funding for external consultants and data infrastructure improvements, while current support focuses mainly on reporting flexibility and peer connections.

6.1. Types of Support Provided by Investors vs. Desired by Companies

ICM asked companies to share the types of support they have received in the past from their investors related to IMM, as well as the types of support they would find most valuable from their investors going forward.

Seventy percent of responding companies say they have already received IMM support from their investors. The most frequently cited forms of existing investor support are investor flexibility with reporting requirements (35%), and connections with other investees for peer learning (22%).

When asked what type of IMM support they would like from their investors in the future, 87% of companies reported a desire for at least one form of additional support. The top three company requests are: funding for external consultants to help with IMM and management (44%), funding to improve their internal data processes and technical infrastructure for IMM (42%), and information about how their impact data compares to similar companies in the same portfolio, to better understand their performance (33%). **Benchmarking a company's impact performance against similar portfolio companies—or against external benchmarks—could be a more feasible avenue of support when additional funding may not be available.**

What type of support would be most valuable from your investors? (Multi-select) n = 88 &
What types of support have your investors provided your company in the past? (Multi-select) n = 83

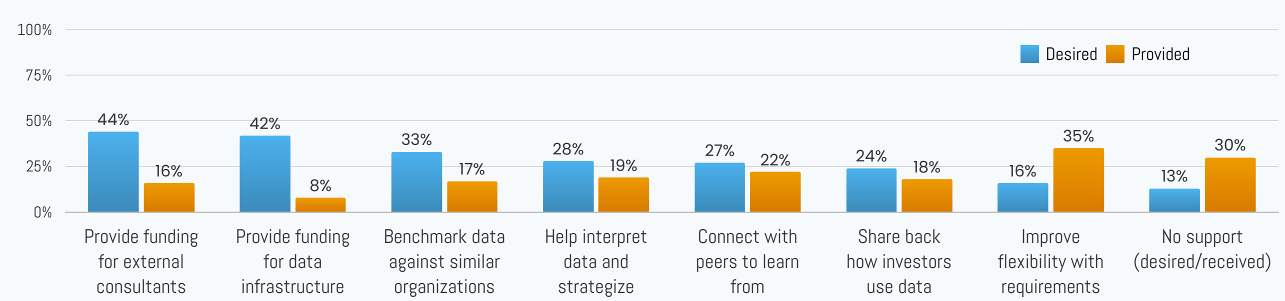

Figure 18. Support Desired and Provided by Investors

Although there is misalignment between the support companies most frequently request and the support they report having received, it is likely that some companies did not identify a service they already receive from their investors. For example, the 33% of companies reporting that their investors have offered flexibility around impact data requests may not have identified this as a future need, given that they are already receiving this form of support.

6.2. Correlation Between Support and Company Satisfaction

Companies that report receiving support from investors also indicate slightly higher satisfaction with their processes and systems for managing impact data (35%) compared with those that have not received such support (24%). Though this difference is not statistically significant—possibly due to an insufficient sample size—it is important to note that companies are somewhat more likely to be satisfied with their process if they have received some type of support from their investors.

How satisfied are you with your process and systems for managing social/environmental data? (n = 83)

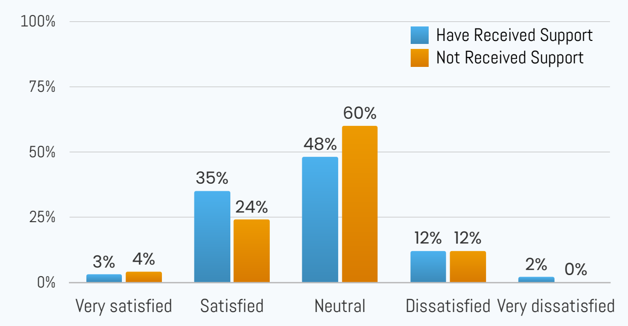

Figure 19. Satisfaction with IMM Process Based on Investor Support

TOP TIPS FOR **COMPANIES**

Be proactive and engage with investors.

Seventy percent of companies say they have already received IMM support from investors, with 35% specifically noting that investors were flexible with reporting requirements. This demonstrates that impact investors are often willing to collaborate when companies voice challenges, concerns and solutions. Do not assume that reporting requirements are fixed without initiating a conversation.

Investors often have specialized IMM, or equivalent, staff. They may be eager to provide input or guidance and are well-positioned to help address questions like "Is [y outcome] a reasonable one to expect based on [x input] we produce?" or "How can we align or map metrics we already collect to existing frameworks?".

Take the initiative to communicate your challenges and propose solutions. If certain metrics are difficult to collect or don't accurately capture your impact, suggest alternatives that better reflect your value proposition and still align with investor requirements. When multiple investors request different datasets, facilitate a conversation about alignment—investors may be willing to standardize requirements when companies highlight the challenge of fractured reporting.

The research suggests this proactive approach pays off: companies receiving investor support (including flexibility on requirements) report higher satisfaction rates with their IMM processes. By treating IMM as a collaborative process rather than a compliance exercise, you can shape reporting requirements that work for both parties while potentially accessing additional resources—87% of companies want more IMM support, but investors may not know what you need unless you ask.

SEE FULL LIST OF **TOP TIPS**

TOP TIPS FOR **FUND MANAGERS**

Meet companies where they are.

With only 35% of companies reporting that investors have been flexible with reporting requirements, despite being the most commonly received form of support, there is room for improvement. Companies need clarity paired with flexibility: be explicit about what data you need, the specific formats required (frameworks, units, standards), and most importantly, why this information matters for investment decisions and impact assessment.

Where relevant, help companies translate their existing business metrics and KPIs into impact metrics. This creates the added benefit of helping companies have a greater line of sight from their business activities to the desired positive impacts that are core to your impact thesis.

Recognize practical operational constraints that companies may have with IMM and focus on progress rather than perfection, especially with newer-stage companies. When companies cannot collect specific metrics or align perfectly to frameworks, work with them to find meaningful alternatives. The 22% of companies connected with peer companies for IMM learning shows the value of fostering dialogue—make data collection a conversation where companies can ask questions, provide feedback, and help shape reporting processes that capture real value while remaining feasible.

Consider taking a more active role throughout the investment process in engaging with companies on IMM. This could include communicating any IMM requirements before investing, helping tailor the metrics to suit the company, and critically, continuing the conversation at specific intervals to monitor progress and offer support.

Enhance companies' capacity to conduct IMM.

The data reveals a substantial gap between what companies need and what they receive: although 44% seek funding for external IMM consultants and 42% request support for internal data infrastructure, these forms of assistance are not among the top types currently provided by investors. This mismatch represents a critical opportunity for fund managers to differentiate their value-add and improve portfolio company performance.

To start, companies may benefit from standard IMM tools and IMM onboarding to know what to expect from investors. Though companies in your portfolio may differ substantially, the core elements of IMM are transferable.

Where budgets allow, consider allocating technical assistance funds or flexible capital specifically for IMM capacity building. Companies with investor support show higher satisfaction with their IMM processes, suggesting this investment pays dividends. Coordinate with co-investors who share interest in impact data to co-fund shared tools or infrastructure—reducing costs while ensuring alignment.

Beyond financial support, share your impact diligence and assessment with portfolio companies post-investment. Provide transparency about your impact thesis for their company and how their data fits into your broader portfolio strategy. The 33% of companies wanting benchmarking data shows the value of context—help companies understand their performance relative to peers, turning isolated metrics into actionable insights. This transparency not only improves data quality but also helps companies see IMM as a strategic tool rather than a reporting challenge.

SEE FULL LIST OF **TOP TIPS**

AgriDigital | CASE STUDY

Engaging with impact investors can deliver significant value to companies that are not already embedded in the impact ecosystem, as illustrated by Australia-based AgriDigital.

AgriDigital is an agricultural supply chain company that provides an online platform focused on linking farmers, brokers, and traders. They have raised several rounds of capital from a diverse group of investors since their launch in 2017, including investment from an impact investor.

Engaging with the impact investor community broadened how the company views itself. Emma Weston, CEO and co-founder, described their company in terms of the digitization and democratization of the supply chain, with accompanying traceability and transparency. She acknowledged that this engagement helps to establish a foundation for transformation and, by extension, impact, yet notes that this is not a significant motivating factor for end customers.

AgriDigital found that aligning on metrics during the investment process created a two-way learning opportunity. They learned about the investor's thesis as an educator and community-builder. They also needed to educate the investors about the details of the agricultural sector, particularly in Australia, and the transformation their business could generate. Weston believes this phase is the most important and is often skipped over. It is critical to align not only on the measures themselves, but also on the realistic expectations and timelines for change.

Investors also bring contextual knowledge to companies in their portfolio. AgriDigital has calls with its investors on a regular basis - those with its impact investor provide valuable context on what is happening in other regions outside Australia, and the evolving disclosure and reporting trends. The company appreciates their impact investor's collaboration in finding appropriate tools for data gathering, emphasizing the joint nature of the challenge and value created.

> "In order to get a useful data set that really propels the industry forward, we actually need to be having some of the deeper conversations about why this matters to the investor and where does the portfolio company fit in? Providing data in some ways is the easy bit."
>
> —Emma Weston, CEO AgriDigital

OPENCLASSROOMS | CASE STUDY

OpenClassrooms illustrates an evolving IMM context, where investors have standardized impact metrics, and regulations have normalized impact reporting.

OpenClassrooms is a France-based education company, providing online, diploma-oriented courses to underrepresented groups and connecting them to companies that hire them as apprentices. OpenClassrooms' IMM experience is quite different from that of most U.S.-based impact companies surveyed by ICM, but it illustrates two key areas where IMM reporting can be made more efficient.

As a mission-driven company, a legal classification in France, it is subject to specific French IMM requirements, which include selecting, publishing, and reporting progress on self-selected key impact indicators publicly on its website. These metrics are integral to the company's operations and do not vary according to the preferences of individual investors.

Alongside these provided metrics, investors can request other impact and sustainability-related metrics. This is where voluntary collaboration has come in: the majority of the investors have aligned around a standardized database, created jointly under the auspices of France Invest, a trade association of investors.

Investors pick from a selection ~300 standardized data points they would like OpenClassrooms to report. If certain items are not feasible or relevant to report, the data team designates them as not available. Some investors also indicate on the shared database that the data they request, and ultimately receive, from OpenClassrooms can be viewed by other investors, in an aggregated manner, which reduces duplicate requests for the company. Largely due to the standardized database, OpenClassrooms reported a more straightforward reporting experience.

A second area that has been formally structured is the data feedback process. Mission-driven companies are required to have a formal impact committee: an advisory body that includes representatives from investors, customers and other key stakeholders. Twice a year, the committee presents impact-related business recommendations to the company's board. Recommendations are drawn primarily from the data gathering efforts, but combine practical, business-focused strategic needs. This required process makes the data gathering effort more valuable, and elevates impact as a key driver in business performance.

Though its regulatory context may be unique, OpenClassrooms' experience highlights how investor standardization, set by legal requirements, on impact and sustainability metrics can meaningfully ease the IMM challenge for companies.

> "The investors decided, based on feedback from their portfolio companies, to do this. They built the database themselves, in dialogue, of course, with a lot of the portfolio companies themselves ... a huge set of investors agreed to use only data points from that database."
>
> —Audrey Yvert, Head of Impact, OpenClassrooms

Chapter 7: Conclusion and Key Takeaways

This research reveals that there is opportunity for a more collaborative and transparent IMM approach across the entire impact investing value chain, from companies to fund managers to allocators. A striking theme that emerges from both groups is the critical need for better communication regarding how impact data flows through the system and how it ultimately creates value.

7.1 Opportunities for Collaboration Across the Investment Continuum

For companies, the key lies in recognizing that impact metrics are not separate from business metrics but rather complementary indicators that can drive operational excellence and strategic decision-making. By developing clear impact frameworks and integrating impact data into core business operations, companies can transform IMM from a compliance exercise into a strategic asset.

Parallel ICM research on allocator perspectives on impact reporting,"*Impact Allocator Perspectives 2025: Impact Reporting Priorities in Theory and Practice*", in partnership with Impact Frontiers, reveals a crucial insight: both fund managers and their portfolio companies share a common challenge: understanding how their impact data is being used upstream.[1] Just as companies want to know how fund managers utilize their data, fund managers themselves seek clarity from allocators on how impact information informs investment decisions and reporting. This underscores a systemic need for greater transparency throughout the impact investing ecosystem.

The path forward requires all parties to close these communication gaps. Fund managers should not only provide clearer guidance to portfolio companies about data requirements and usage, but also share their own impact reports back with companies, demonstrating how individual company data contributes to portfolio-level outcomes. Similarly, allocators can strengthen the entire system by sharing their impact reports with fund managers, creating a virtuous cycle of transparency that helps each level understand how their contributions fit into the broader impact narrative.

When all participants view IMM as a collaborative tool for value creation rather than a one-way, annual reporting exercise, it can fully realize its potential to drive both impact and financial performance, ultimately strengthening the entire impact investing ecosystem.

7.2 Looking Ahead and Plans for Future Research

This research provides valuable baseline insights into how companies experience and engage with IMM, but it also reveals numerous opportunities for deeper investigation. Future iterations could expand the sample size beyond the current 94 companies,

1 MacLennan, J, McCreless, M, Ripley, M. (2025). *Impact Allocator Perspectives 2025: Impact Reporting Priorities in Theory and Practice.* Impact Capital Managers.

enabling more robust statistical analysis and meaningful segmentation—such as comparing companies focused on social versus environmental impact, which may face distinct data collection challenges and resource needs, or being able to incorporate analysis by asset class. Establishing this as a recurring annual or biennial study could track how company perspectives and practices evolve as the impact investing field matures, capturing the effects of new technologies, regulatory requirements, and whether early-stage companies develop more sophisticated IMM capabilities as they grow. Additionally, investigating the operational specifics of IMM processes, including who leads these efforts within organizations, could help identify bottlenecks and opportunities for appropriate and useful standardization.

Further research could also benefit from more granular analysis of how company characteristics influence IMM practices across sectors, geographies, business models, and revenue stages. Exploring correlations between IMM maturity and business performance metrics such as customer retention, revenue growth, or fundraising success could strengthen the business case for robust IMM systems. Future studies could examine whether investor support improves over time, how companies adapt to evolving reporting standards, and what specific automation or artificial intelligence tools might reduce operational roadblocks. Incorporating perspectives from other ecosystem stakeholders—including end beneficiaries, customers, and technical assistance providers—would offer a more comprehensive view of how impact data generates value across the impact investing landscape, ultimately guiding more targeted and effective support strategies for both companies and their investors. When IMM is approached strategically and collaboratively, it becomes clear that meaningful social and environmental impact and strong financial returns are not only compatible but mutually reinforcing, unlocking greater value for companies, and the solutions they provide, impact investors, and the broader ecosystem.

Appendix A: Research Methodology

A survey of 32 questions was sent digitally to 365 portfolio companies of ICM members (fund managers). All questions were optional; sample sizes per question vary as some companies chose not to answer certain questions. The survey addressed the following themes:

- Company Profile
  - Year incorporated
  - Headquarters location
  - Geographic operations (multi-select)
  - Sector of core activities (multi-select)
  - Company size based on employee count
- Impact Measurement & Reporting Structure
  - Where IMM sits within the organization
  - Reporting cadence and touchpoints
- Impact Data Requests from Investors
  - Frequency of requests
  - Perceived burden or complexity
  - Alignment across investor requests
- Systems, Tools & Frameworks
  - Software/platforms used
  - Use of third-party verification or consultants
  - Use of frameworks (IRIS+, GRI, SASB, GIIRS, UN SDGs, etc.)
- Business Use of Impact Data
  - Whether data informs: Operational decisions
  - Product strategy
  - Employee engagement
  - Fundraising
  - Customer communications
- Challenges & Areas for Support
  - Challenges with tools and systems
  - Challenges with investor coordination
  - Desired support from investors

The full survey questionnaire is available upon request.

ICM Members

1st Course Capital
100KM Ventures
Accion Ventures
Achieve Partners
Acre Venture Partners
Active Impact Investments
AIF
AiiM Partners
Alante Capital
Aligned Climate Capital
Altura Capital
American Century
American Family Institute
Amplify Capital
Apax Global Impact
Apis & Heritage
Apollo Impact Mission Fund
Arborview Capital
Arctaris Impact
Artemis Fund
Avesta Capital
Ayuh Ventures
Bain Capital Double Impact
Better Ventures
Black Economic Alliance Venture Fund
Blackhorn Ventures
Blackstar Stability
Blue Forest Asset Management
Blue Highway Capital
Brazen Impact
Bridges Fund Management
BRONZE
Buoyant Ventures
Burnt Island Ventures
Calvert Impact Cut Carbon Note
Cambia Capital
Catalyst
Cherryrock Capital
Citi Impact Fund
City Light Capital
Clean Energy Ventures
Clear Vision Impact Fund
Cleveland Avenue
Closed Loop Partners
Community Investment Management
Congruent Ventures
Copia Group
Core Innovation Capital
Cross-Border Impact Ventures
CurvePoint Capital
DBL Partners
Earth Foundry
Ecosystem Integrity Fund
Elevar Equity
Ember Infrastructure
Energy & Environment Investment
EQT Partners
Excolere Equity Partners
Eyre Street Capital
FoW Partners
Fractal Agriculture
Galway Sustainable Capital
GEF Capital Partners
Generation Investment Management
GLIN Impact Capital
Goldman Sachs Asset Management
Gratitude Railroad Ventures
Green Street Impact Partners
Greenhouse Capital Partners
H/L Ventures
HCAP Partners
HSBC Asset Management Climate Growth Partners
Impact America Fund
Impact Engine
InvestEco
JFFVentures
Jonathan Rose Companies
JPMorgan Chase Impact Finance
Khasma Capital
KKR Global Impact Fund
LearnLaunch
Leeds Illuminate
Lendable
Lime Rock New Energy
Lumos Capital
Mad Capital
Maycomb Capital
Meliorate
MicroVest Capital Management
Mission Driven Finance
New Market Funds
New Markets Venture Partners
Next Billion Capital Partners
Nuveen Global Impact Fund
o15 Capital Partners
Overture Ventures
Pangaea Ventures
Prithvi Ventures
Quona Capital
Raven Indigenous Outcomes Fund
Rebalance Capital
Regeneration VC
Regenerative Capital Group
Renewal Funds
Renovus Capital
ResilienceVC
Rethink Capital Partners
Rethink Community
Rethink Education
Rethink Food
Rethink Healthcare Real Estate
Rethink Impact
Ruthless for Good
S2G Investments
Salesforce Impact Fund
Salkantay Ventures
Second Horizon
SEMCAP
Seven Generations Capital
Shift Capital
SJF Ventures
Spring Lane Capital
Springbank Collective
St. Cloud Capital
Supply Change Capital
SustainVC
TELUS Pollinator Fund
TFX Capital
The Builders Fund
Thin Line Capital
Third Sphere
TPG Rise Fund
Trailhead Capital
TSEF
Turner Impact Capital
Ultra Capital
Vamos Ventures
Variant Impact Fund
Vermilion Group
Village Capital
Virta Ventures
VoLo Earth Ventures
Wireframe Ventures
Working Capital Fund
Zeal Capital Partners

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