

ICM Fundamentals of Impact Measurement and Management (IMM)*

Impact investors set themselves apart from traditional investors because of their objective to invest for both financial returns and impact.

A successful IMM practice can enable investors to enhance their impact, increase their business value, and communicate more effectively.

The ICM Fundamentals of IMM were generated in 2020 by leaders in the ICM network to set a high but achievable bar for a variety of private capital fund managers seeking both superior returns and meaningful impact. Together they comprise a solid floor on which fund managers can build a more ambitious and effective practice over time.

The ICM Fundamentals of IMM:

- ✓ Helps investors define what is useful, practical, important
- ✓ Differentiates ICM members as market leaders
- ✓ Supports members to become more sophisticated and effective
- ✓ Ensures continued quality of ICM's best-in-class network, by embedding expectations for IMM in criteria for inclusion

THE ICM FUNDAMENTALS FOR IMM

	INVESTMENT PROCESS	IMM PRACTICE	THE ICM FUNDAMENTALS	GROWING YOUR IMM PRACTICE
PRE-INVESTMENT	Investment strategy development 	A. Define clear impact objectives(s) for the portfolio and its investments	✓ Yes	
		B. Establish an IMM process	✓ Yes , informally	✓ Yes , more intentionally, consistently, and thoughtfully
		C. Establish Manager's contribution	✓ Yes , qualitatively (informal)	✓ Yes , qualitatively (formal narrative)
POST-INVESTMENT	Investment management 	E. Measure the impact of each investment	✓ Yes	

GROWING YOUR IMM PRACTICE

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		C. Establish Manager's contribution	✓ Yes , qualitatively (informal)	✓ Yes , qualitatively (formal narrative)
		D. Assess expected impact of each investment	✗ No	✓ Yes , qualitatively (formal narrative) ✓ Yes , qualitatively through assessing alignment to impact thesis and establishing quantitative forecasts of impact
POST-INVESTMENT	Investment management 	E. Measure the impact of each investment	✓ Yes	
		F. Manage the impact of each investment	✗ No	✓ Yes , and leverage data to accelerate impact
		G. Assess, address, monitor, and manage potential negative impacts of each investment	✗ No	✓ Yes , informally ✓ Yes , formally
	Exit Planning 	H. Conduct exits considering effect on sustained impact	✗ No	✓ Yes , informally ✓ Yes , formally
		I. Review, document, and improve decisions and processes based on achievement of impact and lessons learned	✗ No	✓ Yes

* The ICM Fundamentals of IMM are informed by the Impact Principles with some modifications to ensure they are fit for purpose by market rate private capital impact investors of a variety of sizes and strategies.