



*For Immediate Release*

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## **INVESTORS GENERATE BUSINESS VALUE BY ANALYZING SOCIAL AND ENVIRONMENTAL PERFORMANCE DATA, ACCORDING TO GLOBAL IMPACT INVESTING NETWORK REPORT**

*Study finds five major drivers of value derived from impact measurement and management*

NEW YORK, N.Y. – Aug. 16, 2016 – The [Global Impact Investing Network \(GIIN\)](#) today published a new report, [The Business Value of Impact Measurement](#), which outlines how impact measurement and management can generate business value for impact investors and their investee companies. This innovative practice represents yet another way impact investors are integrating the social, environmental, and financial aspects of their investments to complement and enhance each other, ultimately further benefiting communities and the planet.

Impact measurement is considered a hallmark of impact investing as it demonstrates an investor's commitment to the social and environmental performance of their investments.<sup>1</sup> This report takes a step beyond the fundamental uses of impact measurement—to monitor, report, and improve impact—and highlights how individual investors are applying impact data to generate business value. 'Business value' is defined as factors that are advantageous to an investor's or investee's business, including both direct economic value and strategic benefits that indirectly influence long-term viability.

The GIIN's *The Business Value of Impact Measurement* study finds that there are five major drivers of value that impact investors and investees derive from impact measurement and management:

- **Revenue growth:** Social and environmental data empower impact investors and their portfolio companies to drive revenue growth by understanding customers and developing better products and services.
- **Improving operational effectiveness and efficiency:** Impact investors use social and environmental performance data to inform and improve a wide range of operational issues, from human resource management to accounting procedures.
- **Investment decisions:** Many types of impact investors find that they can improve deal sourcing, targeting, and selection when they actively engage in impact measurement.
- **Marketing and reputation building:** Social and environmental impact data is vital to attracting investors and earning trust with key stakeholders, including communities and local authorities.
- **Strategic alignment and risk mitigation:** Impact measurement plays a critical role in ensuring that investors' and companies' activities are aligned with their missions and strategies. It also helps mitigate risks that relate to both impact and financial concerns.

"We are seeing an increasing fusion in the use of impact and financial data to make investments that not only optimize impact performance, but also help strengthen an investor's business," said Amit Bouri, GIIN CEO. "Investors are continuing to find synergies between the social, environmental, and financial

aspects of their work, and they are applying these insights in ways that generate significant value for the investor, their investee companies, the beneficiary communities, and the environment.”

“The practice of impact measurement is a core characteristic of impact investing,” said Abhilash Mudaliar, Director of Research for the GIIN. “However, it is not just a cost center. As this research demonstrates, many investors are gaining real business benefits from their impact measurement data by using it to inform strategy and to find ways to optimize performance and advance strategic goals.”

“An impact measurement strategy is most beneficial to the investor when it moves beyond counting outputs and is used to inform investment decisions and portfolio management,” said Kelly McCarthy, Senior Manager of Impact Measurement and Management at the GIIN. “We are witnessing a growing acknowledgement in the impact investing community that impact measurement and management is an incredibly useful strategic management tool.”

The findings in the report are drawn from interviews with 30 practitioners that represent a range of investment geographies and asset classes in the impact investing industry. The respondents provided detailed information into how they measure social and environmental performance to inform key business decisions and drive business value. It also provides examples of the types of data investors analyze and how they generate value. This research project received funding support from the DOEN Foundation and JPMorgan Chase & Co.

#### **About the GIIN**

The Global Impact Investing Network (GIIN) is a nonprofit organization dedicated to increasing the scale and effectiveness of impact investing. Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below-market to market-rate, depending upon the circumstances. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. For more information, please visit [www.thegiin.org](http://www.thegiin.org).

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<sup>i</sup> Find more information on investors’ impact measurement practices in the GIIN’s [2016 Annual Impact Investor Survey](#).