



The Impact Principle

Widening participation and
deepening practice for
impact investment at scale

Working Group Paper Extract:

ROADMAP FOR INSTITUTIONAL INVESTORS

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About The Working Groups

Members of the Working Group on Widening Participation and Deepening Practice for Impact Investment

WORKING GROUP MEMBERS	
Abhilash Mudaliar	Director, Research, The Global Impact Investment Network
Amit Bhatia (ex-officio)	CEO, Global Steering Group for Impact Investment
Ben Thornley	Managing Partner, Tideline
Clara Barby	Partner, Bridges Impact+
David Korslund	Senior Advisor to the Executive Director, The Global Alliance for Banking on Values
Erica Barbosa-Vargas	Director of Solutions Finance and Impact Investment, JW McConnell Family Foundation
Fiona Reynolds	CEO, UN supported Principles for Responsible Investment
Francesca Spoerry (ex-officio)	Program Manager, Global Steering Group for Impact Investment
Harvey Koh	Managing Director, Inclusive Markets, FSG
Julie Segal (research)	Impact Investment Analyst, JW McConnell Family Foundation
Karim Harji	Senior Fellow, JW McConnell Family Foundation; Programme Director, Oxford Impact Measurement Programme, Saïd Business School, University of Oxford
Krisztina Tora	Director Market Development, Global Steering Group for Impact Investment
Maha Keramane	Social Business Manager, BNP Paribas
Maria Tinelli	Managing Director, Acrux Partners
Rachel An (research)	Intern at Brightlight Impact Advisory
Rosemary Addis (Chair)	Executive Director, Impact Strategist; Chair Australian Advisory Board on Impact Investing and Impact Investing Australia
Sally McCutchan (ex-officio)	Executive Director & CEO, Impact Investing Australia
Shanthakumar Bannirchelvam (Working Group Coordinator)	Managing Director, Global Strategy Partners

Other GSG Working Group Reports

WORKING GROUP NAME	PILLAR REPRESENTED	TOPICS
Building Impact Investment Wholesalers	Supply of Capital	It details the what, why and how of building impact wholesalers
Catalysing an Impact Investment Ecosystem: A Policymaker's Toolkit	Policy & Advocacy	It focuses on the role of government in the impact investment ecosystem and highlights how policy making can be catalytic
Enabling ventures to leverage technology for impact	Demand of Capital	It analyses the different enabling elements across the lifecycle of impact-tech, and focuses on recommendations to improve the global tech-for-good ecosystem
Investing for a better world	Supply of Capital	It focuses on recommendations to strengthen the financial services value chain to meet the sustainable development goals
Widening & Deepening the Market for Impact	Market Builders	It outlines the why and what of impact investing and presents a theory of change for widening participation and deepening practice with practical guidance on actors and levers

This report is a chapter taken from the GSG Working Group report: Widening and Deepening the impact Market.

In this paper, we discuss how to widen and deepen the field of impact investment to ensure that a wider variety of actors are represented and the focus on impact remains transparent and measured.

The entire paper can be found on the GSG website:

<https://gsgii.org/wp-content/uploads/2018/11/GSG-Paper-2018-Widening-Deepening-the-Market-Nov.pdf>

Companion Papers to this can be found on the GSG website. We would recommend reading this alongside the Field Definition paper, which includes a framework to help investors understand and describe the impact performance of an investment, or portfolio of investments.

About this note

Needs to reference Institutional Investors for this roadmap

This note builds on the experience of practitioners in impact investing and in other fields of practice to propose concrete guidance to make it easier for more people working in and with Institutional Investors to see where they can translate interest to action and contribute to the development of impact investment.

It draws on the levers identified in the Working Group paper that create positive reinforcing effects, encouraging attention and action in areas where change can be driven systematically to:

- ▲ Mobilise more actors for impact,
- ▲ Continuing to catalyse positive development,
- ▲ Design for the impact objectives, and
- ▲ Developing impact integrity

About Impact Investment and The Impact Economy

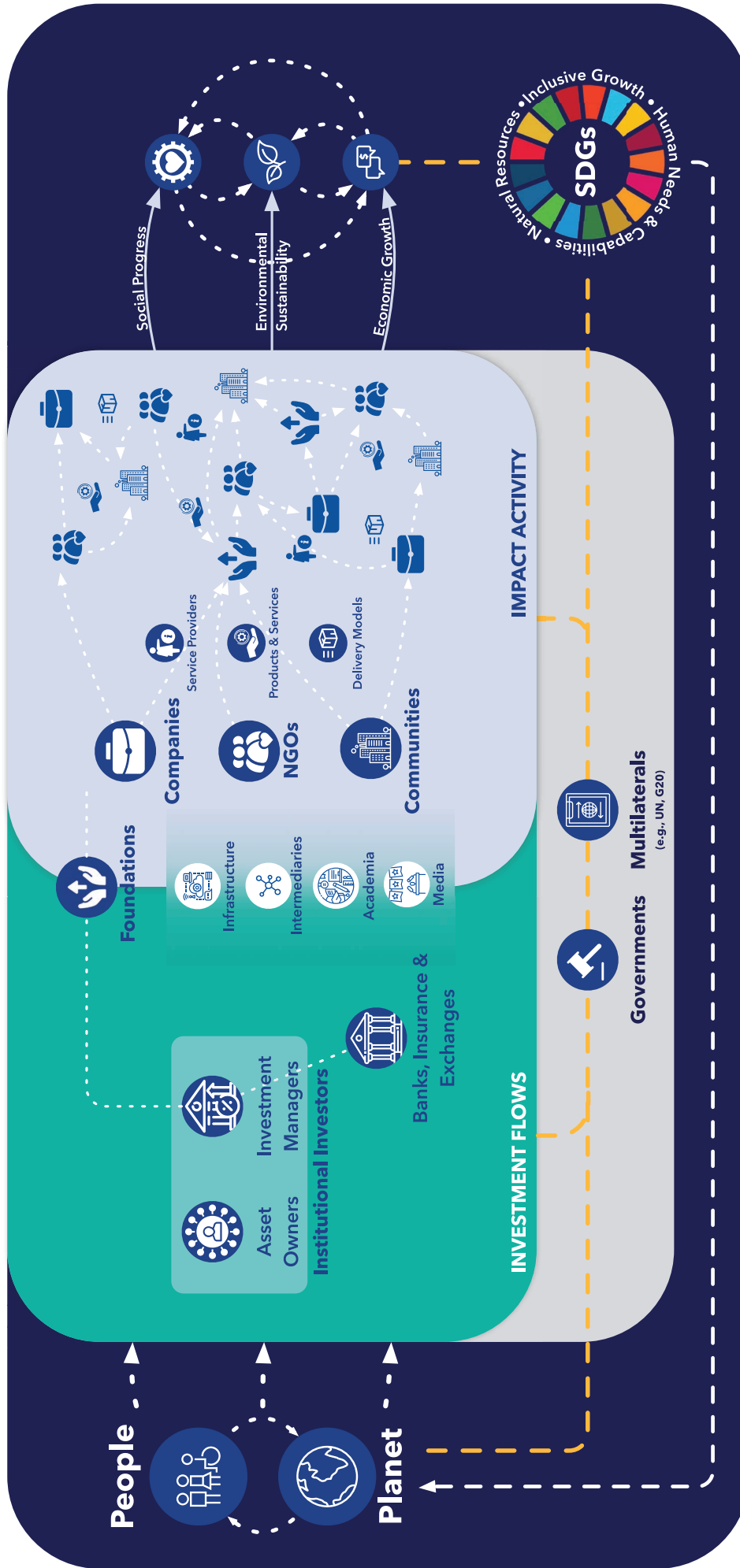
To navigate the complexity of achieving a future where no one lives in poverty and the planet thrives, we need a simple unifying principle: that it is the role of all actors in society to examine how their actions effect the people and the planet.

Impact investment optimizes risk, return and impact to benefit people and the planet, by setting specific social and environmental objectives alongside financial ones, and measuring their achievement. Impact management is a critical practice to reach this potential.

As more people and organisations get involved and become more successful in impact investing, there is a cumulative effect. A vibrant and growing impact economy can develop where businesses, investment and activity deliver tangible improvements in outcomes for people and the planet. In the impact economy, businesses use their capabilities to optimise both their positive impact on the world and their financial return. Investors use their resources to optimise business impact, adding and creating value beyond what would otherwise be achieved. The momentum of more positive impact being generated enlivens the possibility of an inspiring future.

FIGURE 1:
High-level view of an impact ecosystem

This figure presents a simplified visual of the actors and activity, including financial flows, in a dynamic system that drives more positive impact.



Source: Design by Murphy, R. in collaboration with Addis, R. and Barbosa-Vargas, E. For the JW McConnell Family Foundation adapted from UN Global Compact and KPMG, SDC Industry Matrix; Financial Services, 2015 and UN Global Compact, UNCTAD, UNEPFI, PRI Private Sector Investment and Sustainable Development, 2015



Navigating Impact: Institutional Investors

INSTITUTIONAL INVESTORS HAVE A CRITICAL ROLE

Institutional Investors have capital at scale to leverage and drive impact.

- ▲ As “universal owners”, positively investing in the economy contributes to investing success by enhancing return potential and reducing systemic risks.
- ▲ Significant trends such as population growth, ageing populations, climate change, increasing resource scarcity, and rising in-country inequality increase the complexity of investment decisions. By adopting an impact investing lens, institutional investors can lead the way in a new paradigm for better understanding and management of emerging risks across asset classes.
- ▲ Institutional investors can enable broader client engagement and awareness around impact investing by demonstrating strong impact and investment returns.
- ▲ Institutional Investors through capital allocation and shareholder advocacy can catalyse positive changes in corporate behaviour both reducing negative externalities and generating positive impact.

The amount of capital and asset class diversity of Institutional Investors means their more effective engagement in impact investment can have an immediate and growing impact.

CASE FOR INSTITUTIONS TO MOBILISE FOR IMPACT

Impact investment can unlock opportunities that align an Institutional Investors’ impact goals with its investment strategy, stakeholder values and future growth. It can:

Enhance trust and reputation with stakeholders and social licence to operate by signalling that impact matters through the alignment of stated institutional values and impact goals.

Attract and retain clients and employees with opportunities and offerings more aligned with their core values.

Develop growth strategies for new products and services to existing customers and extending products and services to new customers, including potential alignment to the SDGs

Increase competitive edge by using an Impact investing framework for identifying emerging market trends and socially oriented commercial investment opportunities ahead of the curve, enabling first-mover advantage.

Better meet members expectations and provide member choice – including attracting and retaining the millennial generation as they become the beneficiaries of significant intergenerational wealth transfer in coming years.

FAST FACTS

- ▲ Signatories to the UN Principles for Responsible Investment have total assets of US\$89 trillion¹
- ▲ The combined assets of the largest 100 institutional investors is >US\$37 trillion; and >US\$23.8 trillion of that is held by the top 25 institutions²
- ▲ Institutional investors made up 4% of respondents to the 2018 GIIN Survey and invested US\$5.4 billion in 2017 into impact investment³
- ▲ Millennials are expected to inherit US\$59 trillion over the next 3 decades – the largest intergenerational wealth transfer in history.⁴
- ▲ 84% of millennials are interested in sustainable forms of investment, and are twice as likely to both invest in funds that target specific social/environmental outcomes AND divest because of objectionable corporate activity.⁵



The desire that we share with our clients is for their participants to enjoy a good pension in a sustainable, liveable world. A good pension is more than just money.

This is why we want to achieve good returns with our investments and at the same time have a tangible impact on creating a sustainable world. We are convinced that financial and social returns go hand-in-hand.



PGGM Annual Responsible Investment Report (2015)

GETTING STARTED AND GROWING IMPACT

HORIZONS		GETTING STARTED	GROWING IMPACT
WIDENING PARTICIPATION	Mobilising for Impact	<ul style="list-style-type: none"> ▲ Allocate responsibility to a small team to drive activity and identify opportunities ▲ Assess and map existing portfolios and assets to understand where impact is currently created and what could be leveraged. ▲ Consider where existing investment products (VC, PE, Property and Infrastructure funds) could be adapted with an impact lens. ▲ Roll out an internal communication campaign to spread awareness and knowledge of how impact aligns with organisational values. 	<ul style="list-style-type: none"> ▲ Embed impact into the broader strategic objectives of the organisation particularly focusing on client/member engagement strategy and related investment product and service development. ▲ Extend communication campaign to build acceptance of new models and specialised solutions both organisationally and to potential and existing clients, external product providers and asset consultants [as applicable].
	Catalysing Impact	<ul style="list-style-type: none"> ▲ Create an engagement plan that clearly signals impact matters internally and externally. ▲ Make initial soundings of key impact intermediaries to understand potential co-investment opportunities. ▲ Engage actively as an investor and stakeholder to advocate for practices that drive impact including related disclosures. 	<ul style="list-style-type: none"> ▲ Actively align with organisations with impact expertise [NGOs, Government etc.] to build understanding of impact risk and return. ▲ Explore co-design and other opportunities to target specific impact areas and/or participate in blended financing models for impact.
DEEPENING PRACTICE	Impact by Design	<ul style="list-style-type: none"> ▲ Set clear impact goals and strategies at an organisational level. ▲ Scope an initial impact filter to identify and prioritise early opportunities. 	<ul style="list-style-type: none"> ▲ Incorporate a rigorous impact framework into the investment decision making process. ▲ Facilitate cross-departmental collaboration to enable broader capacity development. ▲ Build impact into governance and risk assessment.
	Impact integrity	<ul style="list-style-type: none"> ▲ Issue a transparent statement on the nature of organisational impact commitment. Report against this where possible. ▲ Establish the foundations of a process for collecting data and assessing impact risk and return. ▲ Engage in field building with a focus on promoting consistency of industry approach in the use of tools and practice development. 	<ul style="list-style-type: none"> ▲ Adopt impact reporting and disclosure guidelines with a commitment to transparency. ▲ Implement a rigorous impact measurement, management and reporting framework. ▲ Tie staff KPIs to both financial and impact outcomes of the organisation and its products and services. ▲ Engage in field building to promote the adoption of industry standards and reporting benchmarks.

TOP PRIORITIES FOR COLLECTIVE ACTION

Impact investing at scale requires collaborations to increase effectiveness and coordinate with partners and industry leaders to create a powerful effect. Three priorities ripe for collective action are:

- ▲ Structured collaboration to focus alignment on impact goals [SDGs] for the industry. This will better enable awareness building and product innovation.
- ▲ Development of a set of industry standards around impact measurement and reporting. This would be further enhanced by an approved accreditation system or impact audit.
- ▲ Advocacy for policy to create incentives for impact deals; clarify fiduciary duties; and improve company disclosure requirements.

NETWORK ORGANISATIONS, INDUSTRY FACILITATORS AND FIELD BUILDERS TO CONNECT WITH AND THROUGH:

- Global Steering Group on Impact Investment (www.gsgii.org)
- UN PRI (<https://www.unpri.org/>)
- The Impact Management Project (<http://www.impactmanagementproject.com/>)
- The GIIN Initiative for Institutional Impact Investment (<http://www.thegiin.org>)
- Cambridge Institute for Sustainable Leadership Investment Leaders Group (<https://www.cisl.cam.ac.uk/business-action/sustainable-finance/investment-leaders-group>)
- Impact Investment Network (https://www.google.co.uk/search?q=impact+investment+network&rlz=1C1CHBF_en-GBC-B792CH792&oq=impact+investment+network&aqs=chrome..69i57j0l5.3176j1j4&sourceid=chrome&ie=UTF-8)
- UNEP Finance Initiative (<http://www.unepfi.org/>)
- Global Partnership for Financial Inclusion (<https://www.gpfi.org/>)

WHAT LEADERS ARE DOING



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Banks must choose a new path. They need to recognize that the health of their businesses is inextricably linked to the long-term prosperity of their clients and communities and to sustained local and global economic growth. They have to turn their tremendous capability for innovation to financing consumer, social, and environmental solutions that benefit society while increasingly representing good investment opportunities for private capital. Doing so is the only way to preserve their legitimacy and their competitiveness.

”

MICHAEL PORTER

Bishop William Laurence University Professor, Harvard Business school and Co-Founder FSG

Case Study 1

AXA INVESTMENT MANAGERS

AXA Investment Managers (AXA IM) are an active, long-term, global, multi-asset investor with €746 billion in assets under management.

Impact Investing sits on a continuum that AXA IM have made available to clients.

This continuum spans the following classifications

- ▲ **ESG Embedded:** All funds excluding index and distribution funds have responsible investment policies, active engagement and proxy voting, along with an ESG Scorecard.
- ▲ **ESG Integrated (€437 billion):** ESG specific strategies are provided for interested investors, set out in the diagram below.
- ▲ **Impact Investing (€1.2 billion):** AXA IM's aim to make an intentional, positive, and measurable impact on society. They target specific themes and sectors using both liquid and illiquid funds and tailored mandates.

Equity	Fixed income
ESG strategies available ESG Equity strategies <ul style="list-style-type: none"> • ESG global SmartBeta equity • ESG themed active management (e.g. Human Capital) 	<ul style="list-style-type: none"> • ESG Buy & Maintain credit • Money market • High yield • Thematic bond (e.g. Planet Bonds)
Multi Asset	Alternatives
ESG Multi-Asset strategies <ul style="list-style-type: none"> • ESG diversified growth • ESG equity/credit 	ESG and Impact strategies <ul style="list-style-type: none"> • Impact strategies I & II

Source: AXA-IM

MOBILISING FOR IMPACT

AXA IM is targeting a 4x increase in green investment to €12 billion by 2020.

AXA IM's focus on impact led to them winning mandates from Big Society Capital and the Jean-Jacques Laffont Foundation.

CATALYSING IMPACT

Under UN SDG 3 governing health, AXA IM has set the impact targets of improving the lives of 10 million people annually by 2025 and to save the lives of approximately 100,000 people annually by 2025.

An example of this is AXA IM's investment into a cholera drug, Euvichol that has prevented an estimated 100,000 cases of cholera to date and prevented 1,200 deaths.

IMPACT BY DESIGN

AXA IM have developed a framework of 14 impact themes covering social, environmental impact. In public equities, they use the UN SDGs to firstly identify themes to be addressed, then assess the relevant underlying investments. This equally requires the manager encouraging corporate disclosure on societal and environmental impacts.

AXA IM have started measuring the green share of their portfolio – the average percentage of an issuers' products and services that make a positive contribution to the energy transition.

IMPACT INTEGRITY

AXA IM are developing data visualisation tools to allow clients to more easily see the impact performance of their assets.

Within their target impact areas, they have defined quantifiable impact metrics such as those set out for health above.

LESSONS FROM PRACTICE

Provide clients with a continuum of impact across asset classes. This widens impact by allowing clients to select their exposure based on their risk/return profile, and deepens the market by using the UN SDGs as a focal point.

Automate the transparency of impact outcomes for clients.

Case Study 2

QBE INSURANCE GROUP – PREMIUMS4GOOD

QBE's Premiums4Good (P4G) offering has mobilised impact by allowing clients to direct up to 25% of their insurance premiums into impact investment.

This comes at no cost or risk to the customer, and creates an opportunity for them to connect their insurance spend with impact. Impact integrity is maintained through the Classification of Social Investments Committee that includes representatives drawn from Big Society Capital, Philanthropy Australia, and Impact Investing Australia.

Premiums4Good began in an innovation challenge, sponsored by senior leaders, to connect growing insurance premiums with growing demand for social impact investment.

QBE see the future opportunity as moving the P4G program to scale; capitalising on early mover differentiation and greater choice for customers. This will help increase the funds directed to impact.

MOBILISING FOR IMPACT

By June 2018, QBE had invested \$430mn into 30 securities that meet its investment and impact criteria. Within the wider P4G pool, QBE has a specific commitment to social impact bonds and aims to bring an institutional investor perspective to support development of the market. QBE is invested in 9 SIBs, across multiple jurisdictions, including seeding the first US SIB/PFS Fund.

LESSONS FROM PRACTICE

Leveraging existing product and distribution capabilities can help build a differentiated offering that mobilises impact by getting a clear mandate from customers to invest in assets that generate social benefits and financial returns.

Initial pilots across multiple locations can test the concept prior to scaling globally.

“

To reduce risk and to help communities. These are among Zurich's aims in providing insurance, and in managing its customers' premiums. Responsible investment promises to achieve both, which has led us to adopt it in theory and in practice.

”

ZURICH INSURANCE GROUP

Responsible Investment Position Paper (2017)

Case Study 3

TIAA NUVEEN

Nuveen is the investment management arm of TIAA which manages nearly US\$1 trillion in a wide range of asset classes for institutional investors around the world as well for its parent company's general account.

Core to the impact investment thesis is that low-income consumers are underserved and can create superior risk-adjusted returns for businesses that serve them.

Nuveen has invested over US\$1 billion into impact investing, which is allocated into companies, funds, and projects that have the intentional objective of creating social or environmental good alongside quantifiable and measurable investment performance. The focus areas are Affordable Housing (predominantly US-based), Inclusive growth, and Resource Efficiency.

CATALYSING IMPACT

Investing into affordable housing in the United States so families can afford better health and education.

Investing into companies that address needs in emerging markets with a focus on financial inclusion. A clear example is Capital Float, financing unsecured SME loans in India to create inclusive growth.

LESSONS FROM PRACTICE

Devising a strategy that targets specific impact areas and that leverages existing assets and capabilities can reduce execution risk and focus efforts.

Case Study 4

CAISSE DE DEPOT ET PLACEMENT DU QUEBEC (CDPQ)

Created in 1965, CDPQ today manages more than CAD\$300 billion. They invest their clients' funds worldwide, targeting high-quality assets rooted in the real economy.

CDPQ sees themselves as business builders and owners, rather than strictly investors. This is applied as an integration of both profitability and impact into investment strategy.

Two approaches are used to effect impact outcomes:

- ▲ Direct investment into industries with a positive impact such as infrastructure, green energy and public transportation projects;
- ▲ Active engagement by interacting with and influencing portfolio companies to drive positive impact.

IMPACT BY DESIGN

CDPQ analyses the environmental and social impact of all its investments, and also evaluates governance.

A specific focus is climate change. CDPQ measures the climate impact of their portfolio, with a target of reducing their carbon intensity by 25% by 2025, and increasing their low carbon asset base by CAD\$8 billion by 2020.

LESSONS FOR PRACTICE

Setting impact goals and incorporating an impact framework into the investment processes across all asset classes, helps align investment teams and clients around impact objectives.

Case Study 5

CAMBRIDGE INSTITUTE FOR SUSTAINABLE LEADERSHIP – INVESTMENT LEADERS GROUP

The Investment Leaders Group (ILG) is a global network of pension funds, insurers and asset managers committed to advancing the practice of responsible investment with US\$12 trillion under management. Members include Aon, State Street, Aegon, Pimco, Zurich, Nuveen, Nordea, HSBC, First State Investments, UBP, and LBP. It is a voluntary initiative, driven by its members, facilitated by the Cambridge Institute for Sustainability Leadership (CISL), and supported by academics in the University of Cambridge.

The ILG's vision is an investment chain in which economic, social and environmental sustainability are delivered as an outcome of the investment process as investors go about generating robust, long-term returns.

IMPACT INTEGRITY

The ILG and its institutional investor members have developed an outcome-based framework for reporting investment impact that communicates impact to retail clients and pension plan beneficiaries.

LESSONS FOR PRACTICE

Collective action with other leading actors to develop impact frameworks and mandate principles can help drive impact integrity, and raise client awareness and confidence of impact.

“

Our investment committee has approved new responsible-investment policies, which is how we formally brought the SDGs into our investment process. This not only guides how we invest, but also how we engage with companies and our external fund managers.

”


NICOLE BRADFORD

Portfolio Head,
Responsible Investment, CBUS

Overview of Actors and Levers

Table 1 below provides an overview of the opportunities for actors across the impact value chain to engage and contribute to widening and deepening the field of impact investing.

TABLE 1:
Key actors and levers for widening and deepening impact

PRIORITY ACTORS	WIDENING		DEEPENING	
	Mobilising for Impact	Catalysing Impact	Impact by Design	Impact Integrity
DIMENSIONS OF IMPACT AT SCALE	<ul style="list-style-type: none"> ▲ Educate and activate. ▲ Incentivise and support actors who can drive impact design. ▲ Intermediate impact. 	<ul style="list-style-type: none"> ▲ Coordinate with leaders. ▲ Invest in market infrastructure. ▲ Encourage different combinations of actors to work together in a coordinated way. 	<ul style="list-style-type: none"> ▲ Set clear goals, measure progress and re-set direction. ▲ Develop and invest in capability and leadership. ▲ Design for scale. 	<ul style="list-style-type: none"> ▲ Embed impact measurement and management. ▲ Commit to accountable practice. ▲ Establish clear impact governance.
 <p>INSTITUTIONAL INVESTORS</p>	<p>Make allocations to impact, including alignment with the SDGs.</p> <p>Run communications campaigns aimed at raising client awareness and understanding of impact products and offerings.</p> <p>Use Requests For Proposals (RFPs) and other mechanisms for engaging the market to solicit ideas and develop partnerships.</p>	<p>Signal impact matters by making public statements and commitments potentially collectively and through investment decisions.</p> <p>Engage actively as an investor and stakeholder, individually and collectively to advocate for impact and related disclosures.</p>	<p>Design an organisational strategy that integrates impact into goals for long term value creation, diversification, managing systemic risk and customer and employee attraction and retention.</p> <p>Ensure strategic asset allocation is clear about objectives for impact at scale.</p> <p>Embed impact into organisational culture through capacity building and KPI alignment.</p>	<p>Develop a rigorous and transparent impact framework that is embedded into the investment decision making process.</p> <p>Commit to accountability through rigorous measurement and Integrated reporting.</p> <p>Engage actively with the field to drive consistency in reporting and measurement.</p> <p>Use technology to enable access to impact reporting and facilitate client choice.</p>

(continued on next page)

TABLE 1:
Key actors and levers for widening and deepening impact (continued...)




PRIORITY ACTORS	WIDENING		DEEPENING	
	Mobilising for Impact	Catalysing Impact	Impact by Design	Impact Integrity
 INDIVIDUALS	<p>Take up opportunities for investment and engagement more aligned with values.</p> <p>Break the investment taboo; talk with friends in a social context about making impact investments.</p>	<p>Signal impact matters through consumer demand and choice including for banking and pension fund activities.</p> <p>Engage actively to communicate expectations that others in the value chain avoid harm and benefit people and planet.</p>	<p>Clarify which social and environmental outcomes are of interest and analyse how current investments and/or donations are aligned with these.</p> <p>Investigate and Invest in products and support service providers that are aligned with impact goals.</p> <p>Identify opportunities for learning more about impact and building capacity.</p>	<p>Push service providers (e.g. wealth managers and pension funds) to report and describe impact alongside financial returns and risks.</p> <p>Actively choose product and service offerings that disclose impact through accreditation systems (e.g. Fair trade) or high levels of impact disclosure in reporting.</p>
 BANKS	<p>Engage new and existing partners and advisors in the effort to create impact solutions.</p> <p>Develop public facing educational capabilities and resources for clients</p> <p>Engage other parts of the bank (e.g. CSR; investor relations) in impact delivery.</p>	<p>Join and lead field-building initiatives including support for impact investing wholesalers with capital and capacity.</p> <p>Dedicate resources and leverage expertise from diverse partnerships to develop product in nascent and under-served markets.</p>	<p>Define and understand impact goals at the organisational level and revise corporate strategy to integrate impact.</p> <p>Operationalise impact through business strategies and products and service offerings permeating all facets of client and market engagement.</p> <p>Create dedicated units and carve outs to facilitate the bank's commitment to raising and deploying impact capital and build capacity.</p> <p>Provide additional institutional flexibility to product developers.</p>	<p>Develop rigorous impact management and reporting systems for transparent impact reporting to clients on products and services.</p> <p>Engage with other industry participants to establish consistency in impact reporting and disclosure and alignment with global standards [if available].</p> <p>Implement policies and practices for impact that align with agreed practice.</p> <p>Establish clear governance and KPIs around impact goals and report on the bank's impact.</p>
 CORPORATES	<p>Offer to leverage the firm's unique expertise and networks in the service of new types of partnerships (e.g. with development agencies or philanthropic foundations)</p> <p>Develop and contribute to thought leadership by sharing lessons.</p>	<p>Join impact investing networks and peer groups to share and leverage knowledge and capacity.</p> <p>Proactively explore opportunities to use investment to advance internal and external stakeholder interests. Where thematic alignment is strong, play an anchor role.</p>	<p>Clarify and communicate the corporation's agreed role in impact and its related KPIs.</p> <p>Ensure high-level executive sponsorship and buy-in on impact initiatives.</p> <p>Develop strategies for engaging with and supporting suppliers on impact.</p> <p>Consider collaborating with competitors on thematic areas of interest.</p>	<p>Take accountability for reporting on impact in a transparent and rigorous manner.</p> <p>Align with global standards, if available, or partner with other industry players to develop a consistent impact reporting approach.</p> <p>Set minimum impact benchmarks for suppliers (including financiers).</p>

TABLE 1:
Key actors and levers for widening and deepening impact (continued...)







PRIORITY ACTORS	WIDENING		DEEPENING	
	Mobilising for Impact	Catalysing Impact	Impact by Design	Impact Integrity
 GOVERNMENT	<p>Expand the policy toolbox and build public sector capacity for the future.</p> <p>Support key actors such as social enterprises to provide more diverse and effective means of meeting citizen needs and delivering a more resilient social sector.</p> <p>Develop authentic pathways for soliciting citizen input.</p> <p>Call for EOIs which leverage the multiplier effect of impact investing for priority areas of government spending.</p>	<p>Invest in infrastructure such as an impact investing wholesaler to help scale the national market.</p> <p>Open up data accessibility (subject to privacy) and analyse and clarify the costs in key areas of social service provision.</p> <p>Convene key stakeholders around areas of policy priorities aligned with impact.</p> <p>Evaluate the current regulatory impediments to impact investing (e.g. Fiduciary duty clarification) with a flexible view to amendment.</p>	<p>Increase the “spill over” effects of economic growth and explicitly design for and measure targeted impact outcomes.</p> <p>Establish a dedicated unit as a “go to place” for other impact investment actors.</p> <p>Design and implement a government procurement framework with impact as a key component.</p>	<p>Increase measurement and transparency of outcomes for people and the planet from public funds.</p> <p>Strengthen the culture of M&E and results-based policymaking.</p> <p>Create robust rules and standards requiring disciplined impact measurement and management by partners.</p> <p>Consider strengthening regulation around impact disclosure requirements for corporations including the potential adoption of integrated reporting.</p>
 DEVELOPMENT FINANCE INSTITUTIONS	<p>Engage key partners in target markets on impact and the strengthening of impact practice.</p> <p>Identify and consider filling specific market gaps.</p> <p>Share lessons and learnings to raise awareness, educate and activate others.</p>	<p>Create dedicated capabilities for deploying flexible capital.</p> <p>Develop custom solutions/platforms for activating intermediaries and leveraging grant capital for maximum catalytic effect.</p> <p>Play an active, collaborative role with peers and other market builders.</p>	<p>Commit to targets for deploying and leveraging high impact capital in support of compelling impact theses that link those resources to concrete developmental outcomes.</p> <p>Seek the necessary policy flexibility for driving financial innovation.</p>	<p>Transparently report against global standards (as available) on impact achieved.</p> <p>Convene stakeholders around consistency of impact goals, reporting standards and accreditation.</p>
 FAMILY OFFICES	<p>Commit to building understanding of impact management practice.</p> <p>Engage partners in conversations about what they do, and what the principals might need.</p> <p>Be open to partnering with specialists on client education and discovery.</p>	<p>Join and contribute to peer groups.</p> <p>Be prepared to develop early-stage markets of interest to the principals, by directly building the requisite financial infrastructure.</p>	<p>Clarify and communicate to partners the family office’s primary, actionable areas of interest</p> <p>Work closely with partners to develop robust impact theses in thematic areas.</p> <p>Put all tools on the table if needed (i.e. grants, DAFs, PRIs, endowment or investment capital).</p> <p>Set specific targets around impact allocation for investment capital.</p>	<p>Establish rigorous impact measurement and management requirements of partners.</p> <p>Require high levels of accountability and transparency around the impact created.</p>

TABLE 1:
Key actors and levers for widening and deepening impact (continued...)

PRIORITY ACTORS	WIDENING		DEEPENING	
	Mobilising for Impact	Catalysing Impact	Impact by Design	Impact Integrity
 <p>FOUNDATIONS</p> <p>Foundations should adopt a similar approach to family offices above with a few additional activities</p>	<p>Weigh the value of field-level advocacy and education initiatives.</p>	<p>Convene key stakeholders around aligned impact goals to solve key issues.</p> <p>Take more risks in a catalytic role than has historically been the case for some foundations.</p> <p>Lead by example.</p> <p>Invest in field building e.g. Support for impact investing wholesalers.</p>	<p>Partner closely with program teams and external partners to amplify thematic impacts (e.g. grantees, service providers and peers)</p>	<p>Share learnings and approach with the broader market.</p> <p>Engage with peers and key stakeholders around consistency in impact reporting and disclosure requirements.</p>
 <p>IMPACT DRIVEN ENTERPRISES</p>	<p>Go to market with new and more diverse models for delivery.</p> <p>Leverage Technology to drive new solutions.</p> <p>Raise awareness and tell stories of impact and business success.</p>	<p>Open new market opportunities through innovative approaches to existing issues.</p> <p>Leverage flexible capital around a solutions orientated approach.</p>	<p>Set clear impact goals and objectives and develop a strategy that embeds these into business operations.</p> <p>Consider and track potential supplementary benefits of core impact objectives e.g. local job creation</p> <p>Attract and retain quality employees who are aligned around impact goals.</p>	<p>Embed impact into organisational mission and values.</p> <p>Develop an impact measurement framework and related KPIs.</p> <p>Focus on reporting with transparency and high standards of disclosure.</p>
 <p>COMMUNITY SECTOR AND NGOS</p>	<p>Leadership for more industry and impact-led activity designed to attract new and different resources.</p> <p>Share successes and knowledge more broadly to encourage industry participation in impact investing.</p>	<p>Create community sector industry research and development capability.</p> <p>Share data and frameworks as appropriate.</p>	<p>Orient and utilise more resources to achieve mission.</p> <p>Design for scale and sustainability in operations.</p>	<p>Develop a rigorous impact measurement and management framework which allows (but is not driven by) reporting to funders.</p> <p>Convene other sector actors to enable better and more consistent management and reporting of impact.</p>

Endnotes

Navigating Impact: Institutional Investors

FAST FACTS

1. UN PRI 2018 Annual Report
2. PWC, Asset & Wealth Management Revolution: Embracing Exponential Change, 2017
3. Global Impact Investing Network, *Annual Impact Investor Survey*, 2018
4. Morgan Stanley, *Sustainable Investing Survey*, 2015
5. Ibid.

CASE SOURCES & REFERENCES:

Case #1: AXA Investment Management: AXA, *Responsible Investment Annual Review and Stewardship Report 2017-18*

Case #2: QBE Insurance Group Premiums 4 Good: QBE Annual Report, *Spotlight – Premiums4Good*, 2016; Herbstein T. and Voysey A., *Premiums4Good: redefining the role of insurance in Society*, Cambridge Institute for Sustainability Leadership; 2017, Background provided QBE Insurance Group, 2018.

Case #3: TIAA Nuveen: Background provided by TIAA Nuveen, 2018; Global Impact Investing Network, TIAA Nuveen case study, 2017.

Case #4: Caisse de Depot et Placement du Quebec: The Economist blog on Impact Investing, *The role of Impact Investing on solid-long-term strategies – interview with Roland Lescure*, CDPQ Executive Vice-President and Chief Investment Officer, 2017; CDPQ, *2017 Stewardship Investing Report*, 2018.

Case #5: Cambridge Institute for Sustainable Leadership Investment Leaders Group: Cambridge Institute for Sustainable Leadership Investment Leaders Group, *In search of impact – measuring the full value of capital*, 2016; <https://www.cisl.cam.ac.uk/business-action/sustainable-finance/investment-leaders-group/reporting-investment-impact>

See reference list in the full report which can be found on the GSG website:
<https://gsgii.org/wp-content/uploads/2018/11/GSG-Paper-2018-WideningDeepening-the-Market-Nov.pdf>