The Canadian Impact
Investing Working Group

Scaling Impact Investing In Canada Through Mobilizing Asset Owners

18 solutions to triple impact investing in Canada by 2030

About the Canadian Impact Investing Working Group

Impact investing holds immense potential to drive positive change by aligning financial goals with an intention for social and environmental impact. By bringing together like-minded investors, the Canadian Impact Investing Working Group wants to catalyze collaboration, innovation, and the adoption of best practices within the impact investing space in Canada. By working together, we want to mobilize the financial sector to adopt changes, prove that existing solutions can be successful and scale them with integrity.

About Fondaction

A forerunner for over 25 years, Fondaction is the investment fund for individuals and companies that are mobilizing for the positive transformation of Quebec's economy, making it fairer, more inclusive, greener and more productive. As a labour-sponsored fund, Fondaction represents tens of thousands of savers and hundreds of companies committed to helping Quebec progress. It manages a total of 3.50 B in net assets, as at November 30, 2023, invested in hundreds of businesses and on the financial markets, prioritizing investments that generate positive economic, social and environmental spinoffs in addition to a financial return. Fondaction helps create and maintain jobs and reduce inequalities while contributing to the fight against climate change. For more information, visit fondaction.com or our LinkedIn page.

About Quinn+Partners

Quinn+Partners is a management consultancy specializing in corporate sustainability, climate change and responsible and impact investment advisory services with more than 40 professionals based in Toronto, Montreal and Vancouver. Since 2013, the firm has worked closely with the largest public and private companies and institutional investors in Canada, giving insight into how ESG considerations become embedded into investment strategies and processes. Quinn+Partners has been recognized by *The Globe & Mail Report on Business*' Canada's Top Growing Companies for three years in a row, and the company is a PRI signatory, certified B Corp and a Great Place to Work® workplace.

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Foreword

Stéphan Morency
Executive Vice-President
and Strategic Initiatives

"We stand at a critical juncture in our history, where the decisions we make today will shape the world of tomorrow."

The Canadian Impact Investing Working Group is committed to pushing the boundaries of impact investing in Canada by strengthening our knowledge and sharing our expertise. As financiers, we want our investments to generate positive social and environmental outcomes alongside financial returns.

As a first step in building our group's ambitions, we wanted to enrich our understanding of current practices and opportunities in Canada. In these pages, you will find a mosaic of insights, drawn from the experiences and expertise of stakeholders across Canada. We are excited to share this report with our peers, confident that it will serve as a catalyst for ideas and a call to action in driving meaningful and systemic change.

This report represents a culmination of rigorous analysis, thoughtful deliberation, and engaging conversations and debates, fueled by meetings with many ambitious individuals and organizations across Canada.

We stand at a critical juncture in our history, where the decisions we make today will shape the world of tomorrow. And beyond the report's recommendations, our group is calling on its peers for more audacity and ambitious actions in the pursuit of a financial system that addresses the people's needs while respecting the limits of the planet. It is our duty.

This is our gift to all of you working from inside of our financial system AND savers or beneficiaries who are looking to use the collective power they have to change finance and finance change for the better good of people and planet.

Executive Summary

Overview

The financial sector needs to play a larger role in supporting a just transition to a sustainable economy, especially as global challenges such as climate change and inequality persist. Interest in impact investing – investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return – continues to grow as a potential solution used in tandem with other responsible investing approaches. In 2022, the Global Impact Investing Network (GIIN) estimated that impact investment assets under management (AUM) exceeded USD 1.2 T, driven by leading pension funds, insurance companies, asset managers, foundations, and development finance institutions. The Canadian impact investing industry is active with an estimated AUM of CAD 14 B in 2023,[1] growing 56% from CAD 9 B in 2015 and with the potential to grow three to four times to CAD 46 B by 2030[2].

Despite this momentum, many challenges to scaling the impact investing market persist. In Canada, while impact investing is happening, there is broad recognition that there is room to grow, particularly with Canadian endowments, family offices, foundations, government-sponsored funds and pension funds. Many of these asset owners have not actively set out to make impact investments, although some are intentionally allocating capital to improving outcomes for people and the planet in line with their sustainability priorities. Establishing that impact investing is consistent with fiduciary duty and developing knowledge and capacity to align with the principles of impact investing are key to mobilizing asset owners. Solutions for asset owners to overcome these barriers is critical to growth.

In 2023, a group of investors convened to work together to address challenges facing asset owners in deploying capital through impact investing. The Canadian Impact Investing Working Group (CIIWG), led by Fondaction, commissioned this research to better understand the drivers and opportunities for Canadian asset owners to allocate capital to scale the impact investing market with integrity. The insights are based on research and interviews with the CIIWG and several Canadian investors at various stages of their impact journey, representing over CAD 1.5 T in assets under management. Through this report, the CIIWG hopes to ignite more conversations among mainstream Canadian institutional investors that will lead to implementing the solutions identified and mobilizing impact capital at scale. While return expectations among impact investors vary, this study focuses on the practice of impact investing that targets competitive market-rate risk-adjusted returns. This report is targeted at the segment of investors that hold significant potential to grow the size of the impact investing market and where impact is consistent with fiduciary duty. We also aim to empower the various stakeholders both within and on the periphery of the impact investing market that can contribute to solutions in helping asset owners overcome the barriers while increasing demand for impact investments in general.

1. Source: Responsible Investment Association
2. Please see the Canadian Impact Investing Market section for more details.

Key Findings — Drivers & Barriers

1.

Leading asset owners are engaging in impact investing, and the mandate to do so is driven by boards, senior leadership and organizational culture

Like with any nascent market, growth will be driven by the first movers and leaders demonstrating the case for others to follow. For the interviewed asset owners that have already adopted or explored impact investing, it has been driven from the top by senior executives and boards. At these organizations, leadership either inherently believes in the premise of impact investing and/or the growing evidence that capital can be used to generate positive outcomes and financial returns that align with their fiduciary responsibilities. In some cases, the appetite for innovation is embedded throughout the organizational culture, further driving people at all levels of the organization to explore how impact investing could work for them. Leaders at Canada's first impact asset managers have responded accordingly by creating products across asset classes to meet this demand.

2.

Asset owners are being pushed by their beneficiaries to reevaluate investment strategies and redeploy their capital for positive change

Some asset owners are adopting or exploring impact investing strategies based on both pressure from their beneficiaries and key stakeholder preferences. For example, some university endowments in Canada have adopted impact investing strategies after being driven by their stakeholders to divest from industries "causing harm" and ensure their money is benefitting the people and the planet. Foundations and family offices, as they go through a multi-trillion dollar intergenerational wealth transfer, are looking to ensure their investments contribute to a better world. Some Canadian pension funds exploring impact investing strategies are seeing this demand come from their pension plan members, the corporate sponsors of the plans they manage, and the people they are looking to attract and retain as employees.

3.

Impact investing fits within asset owner fiduciary duty and is seen as a solution for those increasingly looking to address systemic issues

Several asset owners state that impact investing aligns with their fiduciary duty. For foundations, this means ensuring their investments are not contributing to the problems their philanthropic activities are aiming to solve. Some government funds are given a mandate that includes both capital preservation and the contribution to alleviating challenges that governments are often seen as responsible for solving. Given their long-term investment horizons, pension funds and insurance companies are uniquely positioned to adopt impact investing as an investment strategy if it also addresses systemic issues that can put beneficiary investments at risk, such as climate change, inequality and political instability. Investments that positively contribute to reducing social and environmental challenges and thereby stabilize the financial system will, at a minimum, reduce long-term risk. In the ideal case, impact investments will help pension funds also provide pension beneficiaries with the comfort and assurance that they will retire into a more sustainable and livable world.

4.

Greater industry alignment on impact investing principles would encourage more asset owners to participate

Nearly all investors, even those with established impact investing strategies, recognize that there is confusion about the definition and principles of impact investing (intentionality, measurement, financial return, additionality). A scan of the definitions used by 13 impact investing organizations identified that there is consensus that intentionality and measurement are core principles of impact investing. Hence, impact investing can increase if the market understands and applies those principles, which is the experience of leading asset owners as evidenced by our research and interviews. One can also work to dispel the misperception about the need to concede financial returns, which is not generally seen as a requirement of impact investing. This currently hinders larger adoption as many asset owners mistakenly assume it conflicts with their fiduciary duty to generate benchmark financial returns for beneficiaries. As impact investing becomes deployed at scale, the additionality argument may become redundant.

5.
Canadian impact investing AUM can be unlocked by addressing perceptions of 'labelling risk' and demonstrating how impact is a long-term value creator

Some of Canada's largest asset owners have intentionally made investments in companies, funds and products that aim to have a measurable positive social and environmental impact. However, these investments typically fit within their responsible or sustainable investing strategies or in thematic investment categories. Many have not classified their investments as impact investments, due to the risk of being criticized for 'impact washing' or misperceived as foregoing financial returns and the fear of being criticized for "not meeting the measurement bar" for a credible impact investor. This is especially the case for asset owners concerned about demonstrating intentionality and additionality. While many asset owners believe the benefit of labelling impact investments could be outweighed by the cost of effort, impact investors are seeing impact measurement and management as a strategy differentiator to ensure long-term value creation. Many asset owners may continue to make investments that would classify as impact but call it something else. In the meantime, several asset owners cited using impact as a lens – a mechanism to assess their existing portfolios for their positive and negative contributions to social and environmental outcomes – which is gaining support and could be an onramp into impact investing.

Solutions – Mobilizing Asset Owner Capital

Based on insights from the interviews, global best practices, and the collective experience and expertise of the CIIWG, we have identified 18 recommendations to mobilize mainstream institutional asset owner capital into impact investing in Canada. Many solutions are available today. Implementing these recommendations will require the participation and action of various stakeholders who have a vested interest in seeing impact investing grow. The recommendations are organized into the five solution categories in the table below (organized by key stakeholder groups on page 52):

Solution		Priority Actions
1	**Mainstream** Clarify the principles to broaden engagement	1.1 Create a campaign to highlight Canadian impact investing successes and mobilize conversation on dispelling myths and misperceptions 1.2 Align on a minimum standard for applying impact investing principles 1.3 **Long term — Create an impact investing taxonomy and disclosure standard**
2	**Develop Product** Increase supply, size and diversification of impact investing opportunities	2.1 Encourage the pooling of capital to create institutional-size impact investment opportunities 2.2 Evaluate current impact investing product supply available to meet demand in the Canadian market 2.3 Quantify asset owner demand for sustainable outcomes-focused and impact investing 2.4 **Long term — Develop capacity for financial institutions and others to create more retail products**
3	**Accelerate Capacity Building** Expand education, awareness and training efforts	3.1 Launch a public awareness campaign to empower beneficiaries to drive change through their investment managers 3.2 Expand access to impact investing education offerings and promote existing thought leadership 3.3 Provide direct training opportunities tailored to specific stakeholder groups and investment decision-makers 3.4 Develop mechanisms for experimenting with impact investing 3.5 **Long term — Embed impact investing into the education and certifications of future generations of investment professionals**
4	**Collaborate** Move faster together through cooperation	4.1 Create mechanisms for shared due diligence and impact measurement and management capacity building 4.2 Support emerging fund managers to establish and develop track records 4.3 Empower existing impact investing industry associations to increase collaboration and coordination
5	**Advocate** Demand policy and regulations that will incentivize capital deployment	5.1 Promote impact investing's alignment with fiduciary duty to encourage regulators to pay attention 5.2 Develop government capacity to provide catalytic capital and blended finance opportunities 5.3 **Long term — Advocate for government and regulatory bodies to encourage impact investing by offering subsidies and tax incentives**

A Call to Action

Canadian investors are already deploying billions of dollars through impact investing strategies. Momentum is building, and impact investing is expected to continue to grow. Mobilizing asset owner capital will be critical to accelerating the growth of the market and ensuring that more capital is being deployed to intentionally and measurably improve social and environmental outcomes.

Given the systemic issues threatening the financial viability of economic systems, we have to leverage every tool at our disposal. It is in our collective best interests to double down on impact investing and work collaboratively to overcome the barriers that are preventing its growth. We encourage asset owners, asset managers, policymakers, governmental decision-makers as well as educational institutions, industry associations and the financial sector as a whole to take ownership of these recommendations and collaborate to implement them, as we believe it will help unlock the potential, scale the impact investing market and generate positive outcomes for people and the planet.

> “Impact investing should be part of how we define investment as a whole.”
>
> – Foundation Representative

Introduction

The financial sector has always been viewed to play an essential role in defining how society functions at large – per Yale professor Robert Shiller, "Finance is about creating the wherewithal for human activities". In the last few decades, it has also become increasingly clear that the financial sector needs to play a larger role in supporting a just transition to a sustainable economy especially as global challenges such as climate change and inequality persist. Investors around the world have taken notice, either driven by their stakeholders or by the emerging viability of new investment opportunities. While they have responded in different ways, investors of all kinds are increasingly focused on their impact.

One emerging practice more investors are adopting is impact investing – investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. Interest in impact investing continues to grow globally. In 2022, the Global Impact Investing Network (GIIN) estimated that impact investment assets under management (AUM) exceeded USD 1 T. In Canada, the impact investing industry is active. A 2022 study by the Responsible Investment Association (RIA) estimated the Canadian impact investing AUM to be CAD 14 B. It is estimated that it could grow three to four times to CAD 46 B by 2030.

Despite this momentum, impact investing still represents a small fraction of global capital markets, and many challenges to scaling the market persist. In Canada, there is broad recognition that there is untapped potential among Canadian asset owners to deploy more capital in alignment with the objectives and principles of impact investing. While asset owners – in particular, pension funds, endowments, foundations, family offices, insurance general accounts and government funds – move forward with other investing approaches to drive positive outcomes, there is still hesitancy to adopt impact investing as the prevailing approach to do so. To grow the Canadian impact investing market, asset owners will need to be empowered with the knowledge to apply impact investing principles (intentionality, measurement, financial return, additionality) tools to measure and manage their impact performance and investment opportunities that align with both their impact objectives and fiduciary responsibilities.

In 2023, a group of investors convened to work together to address challenges asset owners face in deploying capital through impact investing. The Canadian Impact Investing Working Group (CIIWG), led by Fondaction, commissioned this research to better understand the barriers, drivers and opportunities for Canadian asset owners to allocate capital in alignment with the impact investing principles of intentionally, and measurably creating positive outcomes for people and the planet.

Purpose & Objectives

There have been many market-building efforts, research reports and thought leadership pieces written about solving specific challenges in the impact investing market in Canada and globally, including: strategies for impact measurement and management (various); financial and impact returns at exit (Impact Capital Managers); aligning limited partners and general partners on approaches for impact due diligence and management (CASE/BlueMark); specific impact investing strategies – public markets, impact as a lens (GIIN); and practical guidance for different kinds of investors – foundations (Rally Assets), pensions (Pensions for Purpose), and family offices (Impact Investing Institute).

This report is focused on identifying what can be done in Canada to move capital off the sidelines and into impact investing to drive intentional, measurable and positive outcomes. Our research is centered around mobilizing the untapped potential of asset owners in Canada and understanding how to help them deploy capital at scale. Our objective is to address a breadth of asset owner types so we can present recommendations to overcome the barriers they face in adopting impact investing. We hope this research will help support impact investing's growth at scale, as an ecosystem, and as a collective group of passionate practitioners with experience overcoming them. The recommendations are informed by the perspective of those interviewed and of the CIIWG.

The report produced by this research synthesizes findings and presents 18 solutions. By releasing the report publicly, the CIIWG hopes to ignite more conversations in Canada that will lead to implementing the solutions identified and mobilizing impact capital at scale. The intended audience of this report includes the various stakeholders both within and on the periphery of the impact investing market that can contribute to solutions in helping asset owners overcome the barriers they face in participating in it, including:

- **Investors**
  - Mainstream investors and institutional investors
  - Asset owners (e.g. pension funds, foundations, endowments, family offices, insurance general accounts, government-sponsored funds)
  - Financial institutions
  - Experienced impact investors
- **Industry and professional associations**
- **Intermediaries, advisors and consultants**
- **Government, policymakers and regulators**
- **Academics**

Research Approach

The research for this report was conducted in five phases:

1. **We scanned** industry definitions and interpretations of impact investing, to identify how it differs from other responsible approaches and identify the minimum requirements for a credible impact investing approach. We reviewed current market participants and the scale of impact investing.

2. Given this project's focus on mobilizing asset owners and tapping into their potential, **we identified and prioritized** specific asset owner groups, including pension funds, insurance, endowments, foundations, government-sponsored funds and family offices, that are uniquely positioned to invest for positive social and environmental outcomes.

3. We then **conducted research** into common drivers and barriers toward impact investing widely to all the asset owner types and drivers and barriers that might be unique to each one.

4. We **conducted interviews** with asset managers and asset owners representing 25 organizations and CAD 1.5 T in assets, at various stages of their impact journeys to understand what drove them to or prevented them from exploring impact investing strategies and what solutions they would recommend to asset owners experiencing challenges to engaging.

5. We **anonymized** the insights and synthesized recommendations and proposed actions that will enable various stakeholders, such as experienced impact investors, industry associations, government and financial institutions, in the Canadian impact investing ecosystem to support asset owners with deploying more capital for impact.

Demystifying Impact Investing

Clarifying the Definition

To assess the current and potential participation of asset owners in the impact investing market, we need to start by addressing one of the most common barriers for new investors: understanding the definition. The Global Impact Investing Network (GIIN) defines impact investments as "investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return". While the GIIN definition has become the most widely accepted definition to guide impact investing, other organizations provide definitions of their own. Confusion in which definition to use has also led to ambiguity in the impact investing principles and when to apply them.

We analyzed 13 organizations worldwide and compiled the table below to illustrate the variations in their applications of the impact principles.

	Organization	Intentionality	Measurement	Additionality*	Financial Returns
Industry Associations	Global Impact Investing Network (GIIN)	■	■		■
	Global Steering Group for Impact Investing (GSG)	■	■		■
	Canada Forum for Impact Investment and Development (CAFIID)	■	■		■
	Table for Impact Investing Practitioners (TIIP)	■	■		■
	Impact Capital Managers (ICM)	■	■		■
	Impact Investing Institute	■	■		■
Government	Organisation for Economic Co-operation and Development (OECD)	■	■		
	Government of Canada, Employment and Social Development Canada (ESDC)	■	■		■
	Japan Working Group on Impact Investment	■	■	■	■
	Finance for Tomorrow by Paris Europlace (France)	■	■	■	■
Standard Setters	Operating Principles for Impact Management (OPIM)	■	■	■	■
	Impact Frontiers	■	■	■	
	Principles of Responsible Investment (PRI), CFA Institute, Global Sustainable Investment Alliance (GSIA)	■	■	■	■

*Note: There is some variance in whether they implicitly or explicitly mention each of the key principles. Some organizations refer to the principle of 'additionality' as 'contribution'.

When reviewing definitions and principles of impact investing across organizations from around the world, we found:

1. Almost all resources connect impact investing with the **three principles of intentionality, measurability and financial return.**
2. **Measurability is universally considered a requirement of impact investing**; approaches to measurement can vary, but they should generally align with globally recognized frameworks (e.g. Impact Management Project's five dimensions, United Nations SDGs).
3. There is **inconsistency in whether additionality should be considered a core principle** of impact investing; demonstrating investor contribution to impact is typically a leading practice.
4. Impact investors can have **varying expectations for financial returns** based on differing impact and financial strategies, including concessionary or competitive market-rate returns, or a blend of both. This diversity in expectations is reflected in the range of available products and funds, across asset classes and thematic areas, with different financial return objectives.
5. Impact investing is often confused with other responsible investing methods – its pursuit of a **positive environmental and/or social impact mark the key difference.**

Addressing Additionality

Guidance from the organizations reviewed is mixed on whether additionality is a core component of impact investing. Rather, it can be a way to enhance an impact investing strategy, but it is not consistently cited as a strict requirement.

Emerging guidance from Impact Frontiers highlights the potential opportunities and strategies for investors to contribute to generating impact, as well as the limitations that some investors may face in doing so when investing in certain asset classes, or with certain capital limitations. To get impact investing to scale, particularly in public equities, additionality may become a barrier if it is considered to be a requirement.

> "What we as an organization care about is enterprise additionality, instead of investor additionality. Investor additionality is too high a bar, especially for an organization that prides itself on humility."
>
> – Pension Fund Representative

Despite the slight differences in the application of the principles, there are multiple similarities. The research shows that there is some consistency in the definition of impact investing, and agreement it is differentiated from other approaches to responsible investing based on its key principles, which are commonly defined as:

- **Intentionality:** Explicit intention to contribute to improving or generating positive social or environmental outcomes
- **Measurement:** Measure, manage and report on impact performance against targets using key performance indicators
- **Financial Return:** Seek a risk-adjusted market-rate financial return on investment
- **Additionality:** Show that the positive outcome would not have occurred without the investment
    - This is typically demonstrated by investors taking specific financial and non-financial actions to contributing to improving impact performance.

While the principles are helpful in breaking down impact investing into its component parts, they still require interpretation, even by experienced impact investors. Mainstream investors and asset owners looking at impact investing as a potential investment strategy can often confuse leading approaches to impact investing as the bar, where the guidance suggests that the minimum requirements for credible impact investing are focused on demonstrating the principles of intentionality and measurement.

Financial Returns

Impact investing growth has long been limited by the perception that to generate impact, you have to sacrifice returns. If that were true, it would conflict with most investment manager mandates. Most of the asset owners and asset managers we interviewed are targeting non-concessional returns.

There is broad agreement and growing evidence that conceding returns is not required for an investment to be classified as impact investing, including:

- A 2023 study by Impact Capital Managers and Morrison Foerster of 230 impact exits showed that 65% met or exceeded financial performance expectations.[1]
- Pitchbook's 2024 report on "The State of Private Market ESG and Impact Investing" stated "Fund return data does not support the narrative that impact investing is equivalent to concessionary returns"[2]
- 74% of GIIN survey respondents target market-rate returns or above, and 79% stated that their return expectations are met or exceeded.[3]

> "Educate that there is a lot of non-concessional impact investing happening and that is the only kind of impact investing that we would do."
>
> – Pension Fund Representative

1. Alpha in Impact: Strengthening Outcomes - Impact and Financial Value at Exit
2. Pitchbook – The State of Private Market ESG and Impact Investing in 2024
3. 2023 GIINsight: Impact Investing Allocations, Activity & Performance

A Baseline for Credible Impact Investing

The framework below compares the minimum requirements for credibly applying impact investing principles with progressive and leading approaches implemented by early adopters, first movers and industry leaders.

Principle	Minimum Requirements	Progressive & Leading Approaches
Intentionality	• Impact thesis and theory of change with explicit **intention to positively contribute** to important social and environmental solutions, embedded in investment strategy • **Goes beyond mitigating investment** risks and creating financial value as per ESG integration	• Impact management embedded in key investment processes (e.g. investment policies, fund documents, investment analysis, asset management) • Strategy embeds key voluntary standards and frameworks (e.g. OPIM, Impact Frontiers)
Measurement	• **Commitment** to regular measurement, management and reporting on outcomes, aligned with industry standards **and disclosure frameworks** • **Metrics align with relevant environmental or social outputs or outcomes,** per investment thesis/strategy	• Include details on investment flows, framework, methodologies and measurement • Approach focuses on stakeholders and measuring changes in outcomes over time • Third-party impact measurement validation where possible
Additionality	• *No minimum requirement*	• Demonstrate that the investment generates outcomes that would not occur without it • Engagement and stewardship activities to drive impact performance where possible • Provide direct support and technical assistance to investees • Provide favourable investment terms that investee wouldn't have obtained otherwise • Can help avoid 'greenwashing'/'impact washing'

Financial Return	• *No minimum requirement*	• Varies depending on investor preferenc
		  ◦ Finance-first – seek risk-adjusted market-rate returns
		  ◦ Impact-first – concede returns to achieve impact objectives (typically employed by foundations for a portion of their portfolio)

Defining minimum requirements to meet the principles of impact investing per the table above can provide an onramp for mainstream investors in the early stages of developing their impact investing strategies. Once the minimum requirements have been met, investors can look to learn from experienced and leading impact investors to enhance their approaches further. For example, frameworks like OPIM's Impact Principles take this further by highlighting how these principles can be directly embedded into the investment decision-making process.

'Impact-Adjacent' Investing Approaches

For some asset owners and mainstream investors, impact investing is often confused with other approaches particularly responsible investing, ESG integration and thematic investing. There have been several attempts to use a spectrum to highlight how impact investing is different from other investment approaches that consider social and environmental impact. Organizations have created spectrums that include 'responsible investing' as a distinct approach. whereas some Canadian and global entities, including the Responsible Investment Association (RIA) and Principles for Responsible Investment (PRI) consider 'responsible investing' to be an overall category of investing approaches, with approaches like 'ESG Integration' within it.

Although there are similarities between different versions of this spectrum, the differences highlight one of the common sources of confusion in this space. For example, some place thematic investing as a separate category of responsible investing and some place it as a subcategory under impact investing.

Investors generally understand that there are specific criteria that impact investors are required to meet, but this confusion in the definition driven by multiple interpretations of the definition and spectrums creates a risk of getting it wrong. Although investments are made with the intention to generate a positive environmental or social impact, some investors are unclear on how to demonstrate this intention, resulting in their reluctance to label them as impact investments.

"The aim is not that in the future all investing will become impact investing, necessarily, but rather that more holistic considerations of impact in investing decisions will become the default rather than the exception."

– Global Impact Investing Network (GIIN)

The 'Responsible Investing Spectrum'

The impact investing pioneers at Bridges Fund Management created one of the earliest versions of the impact investing spectrum to highlight how impact investing differentiates from other investment approaches based on the type of impact the investor intends to generate, and the various financial return expectations they may have in doing so. Variations of this spectrum have since proliferated with additional categories (e.g. themed/thematic investing) and terminology (e.g. social impact investment, maximum-impact, impact-only).

Example 1: Bridges Fund Management (colours have been adjusted)

	Financial-only	Responsible	Sustainable	Impact			Impact-only
	Delivering competitive financial returns						
		Mitigating Environmental, Social and Governance (ESG) risks					
			Pursuing Environmental, Social and Governance opportunities				
				Focusing on measurable high-impact solutions			
Focus:	Limited or no regard for environmental, social or governance (ESG) practices	Mitigate risky ESG practices in order to protect value	Adopt progressive ESG practices that may enhance value	Address societal challenges that generate competitive financial returns for investors	Address societal challenges where returns are as yet unproven	Address societal challenges that require a below-market financial return for investors	Address societal challenges that cannot generate a financial return for investors
Examples:		• PE firm integrating ESG risks into investment analysis • Ethically-screened investment fund	• "Best-in-class" SRI fund • Long-only public equity fund using deep integration of ESG to create additional value	• Publicly-listed fund dedicated to renewable energy projects (e.g. a wind farm) • Microfinance structured debt fund (e.g. loans to microfinance banks)	• Social Impact Bonds / Development Impact Bonds	• Fund providing quasi equity or unsecured debt to social enterprises or charities	

Example 2: PRI, adapted from Bridges Ventures (colours have been adjusted)

	Traditional	Screening	ESG integration	Themed	Impact-first	Philanthropy
				Impact investing		
		Responsible investment				
				Targeted social and/or environmental impact		
	Competitive returns					
FOCUS	Limited or no focus on ESG factors of underlying investments	Negative or exclusionary screening and positive or bestin-class screening, based on criteria defined in a variety of ways (i.e. by product, activity, sector, international norms.)	The use of qualitative and quantitative ESG information in investment processes, at the portfolio level, by taking into account ESG-related trends, or at the stock, issuer or investee level.	The selection of assets that contribute to addressing sustainability challenges such as climate change or water scarcity.	Environmental or social issues which create investment opportunities with some financial trade-off.	Focus on one or a cluster of issues where social and environmental need requires 100% trade-off.
EXAMPLES		• Ethicallyscreened investment fund • Best-in-class SRI fund	• Long-only public equity fund using ESG integration to create additional value	• Clean energy mutual fund • Emerging markets healthcare fund • Microfinance structured debt fund	• Fund providing debt or equity to social enterprise or trading charity	

It is important to note that impact investing can be used in tandem with screening, ESG integration and thematic investing approaches. The investment approaches may be used to achieve different objectives but leverage similar practices. For example, engagement and stewardship activities, which are essential to driving impact in traditional responsible investing approaches, are also a key strategy for demonstrating additionality for impact investors.

Credibly differentiating impact investing from the other approaches requires demonstrating that positive intentionality and measurement practices are embedded into the investment approach. The table below aims to help alleviate some of that confusion by comparing impact investing with adjacent responsible investing approaches. This also helps identify additional steps required to help investors evolve their responsible investing strategies towards impact along the principles of intentionality, measurement and financial return.

Principle	Screening	ESG Integration	Thematic Investing	Impact Investing
Definition	Applying rules based on defined criteria that determine whether an investment is permissible (GSIA, CFA Institute, PRI)	Ongoing consideration of ESG factors within an investment analysis and decision-making process with the aim to improve risk-adjusted returns (GSIA, CFA Institute, PRI)	Investments that specifically target ESG themes, such as women in leadership, clean technology, alternative energy, cybersecurity, etc. (RIA)	Investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return (GIIN)
Intentionality	Set screening rules based on clearly defined qualitative (e.g. ESG index participant, human rights score, industry, flood plain) and/or quantitative (e.g. absolute or relative GHG emissions thresholds) criteria	Identifying, assessing and weighing ESG risks and opportunities within the investment process	Selecting and investing in assets to increase investment exposure to a certain trend or theme	Impact thesis and theory of change with explicit intention to positively contribute to important social and environmental solutions, embedded in the investment strategy
Measurement	Precise, plain-language description of the screening process and criteria used Standard financial metrics and measurement	Regularly measure and report on performance on material ESG factors	Standard financial metrics and measure-ment	Commitment to regular measurement, management and reporting on outcomes, aligned with industry standards and disclosure frameworks
Financial Return	Pursuit of finan-cial returns through screening application	Pursuit of financial returns through integration of ESG factors	Pursuit of financial returns through increased exposure to chosen themes	Varies depending on preferences, which can include market-rate, risk-adjusted returns

In addition to the responsible investing approaches mentioned above, there are emerging investment approaches with some similar objectives to impact investing. Some asset owners have already started allocating funds to these investment approaches and feel more comfortable crafting portfolios and strategies around them due to their widespread recognition and fewer criteria compared to impact investing. These and other Impact Investing Barriers are addressed in Scaling the Market – Solutions.

Emerging 'Impact-Adjacent' Investment Approaches

Systems-Level Investing: An investment approach centered both on adapting existing, conventional investment techniques and utilizing new tools to manage the risks and rewards of the social, environmental, and financial systems that provide a stable, resilient foundation for investments across all asset classes[1]

- **University Pension Plan (UPP)** embeds a systems-level approach to its sustainable investing. "We see this systems-level focus as essential in meeting our fiduciary duty to our members and ensuring every decision we make contributes to the Plan's long-term sustainability."[2]

Transition Finance: Financial services supporting the whole-of-economy transition, in the context of the Sustainable Development Goals (SDGs), towards lower and net-zero emissions and climate resilience, in a way aligned with the goals of the Paris Agreement[3]

- As part of its transition finance strategy, **British Columbia Investment Management Corporation (BCI)** has a target to invest a cumulative CAD 5 B in sustainability bonds by 2025 and reduce the carbon exposure in its global public equities portfolio by 30 per cent by 2025.[4]

1. Approaching the Tipping Point: Recommendations for building the marketplace for system-level investing
2. University Pension Plan: Leading with Sustainability
3. 2022 G20 Sustainable Finance Report
4. British Columbia Investment Management Corporation Sets Climate-Related Targets for Public Markets

The Canadian Impact Investing Market

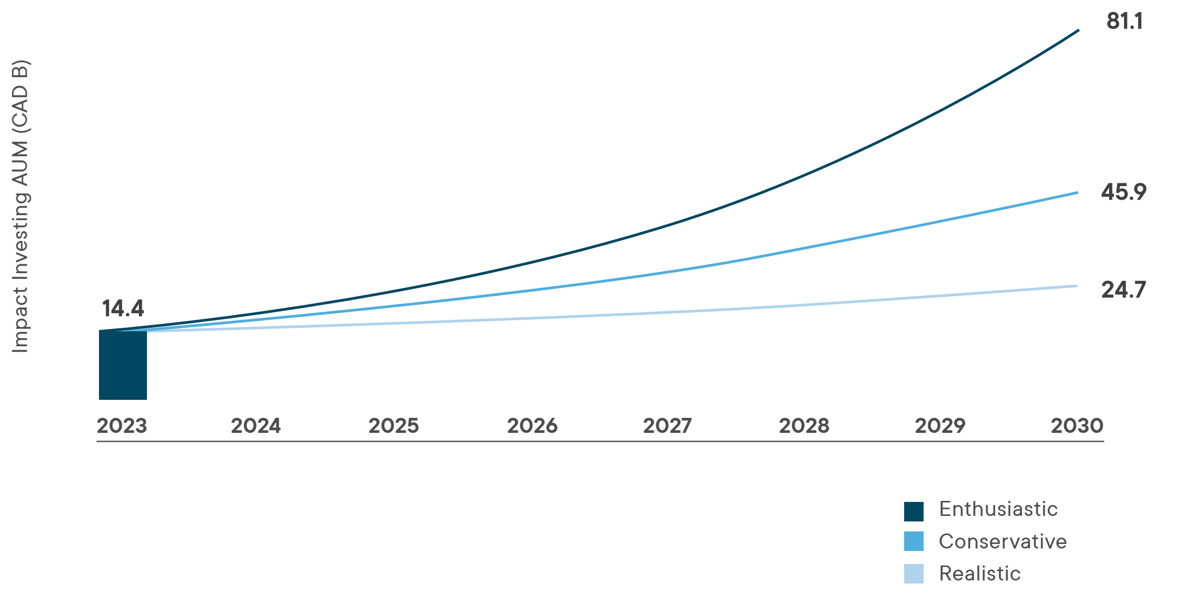
Projected Growth

In 2022, the RIA estimated the size of the Canadian impact investing market as CAD 14 B. To estimate the potential growth of the market, we considered three scenarios:

1. **Scenario 1 — Enthusiastic:**
   Canada's impact investing market rate of growth matches the 28% compound annual growth rate (CAGR) of impact investing in comparable markets such as the UK (2016-2022) and EU (2020-2022)
2. **Scenario 2 — Realistic:**
   Canada's rate of growth matches the 18% CAGR from the GIIN's estimates of global growth in impact investing from 2017 to 2022
3. **Scenario 3 — Conservative:**
   Canada's rate of growth is an 8% market-rate asset appreciation, based on an estimated average growth rate of existing impact assets under management

Under these scenarios, the Canadian market size could reach between CAD 25 – 81 B by 2030. The benchmark scenario projects a size of CAD 46 B. It is important to note that these scenarios assume that changes to the macroeconomic environment will not influence the growth rate.

Projected Growth Scenarios for the Canadian Impact Investing Market

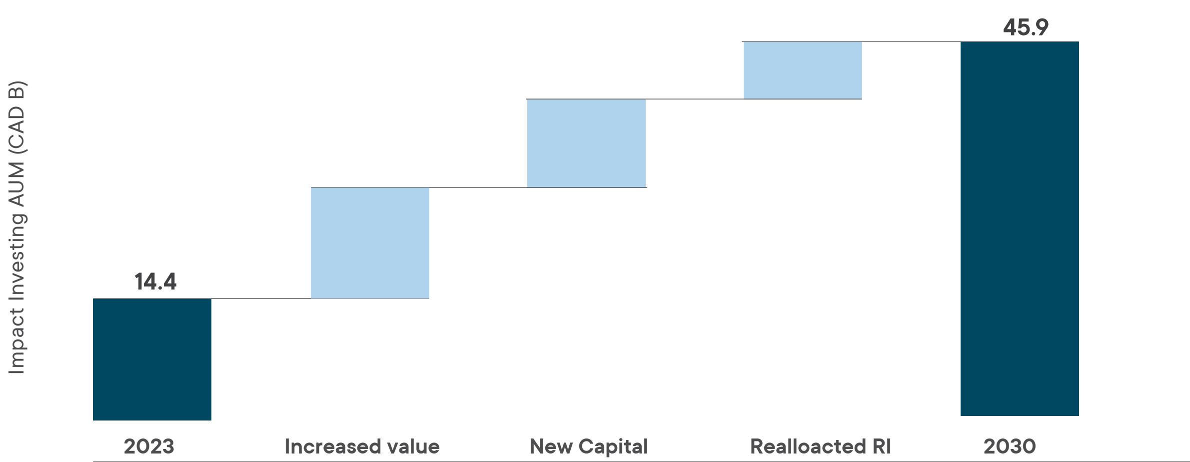


Drivers of Growth

Existing momentum in the Canadian impact investing market suggests that the second scenario (Scenario 2, 18% CAGR) is the most realistic to project. Many external factors may influence whether these growth scenarios are met, including the performance of existing impact funds, and the actions key stakeholders take to promote the adoption of impact investing as an investment approach. Assuming investments, strategies and activities are successful, we believe the Canadian Impact Investing Market's growth will be based on three key drivers:

1. **Increased value** – Current impact investing assets under management (in various asset classes) increase in financial value and generate returns at a 10% CAGR
2. **New capital** – New investors enter the market and existing impact investors increase allocations (~CAD 1.5 B per year)
3. **Reallocated from other RI approaches** – Investors evolve/adapt their existing RI approaches (e.g. ESG integration, thematic, sustainable finance) to embed the principles of impact investing such as intentionality and measurement (~CAD 1 B per year)

Sources of Impact Investing Market Growth



The research outlined in the sections below focuses on better understanding how asset owners will contribute to the impact investing market's growth, primarily through the drivers of deploying new capital or reallocating/relabelling existing responsible investments to impact investments.

Research Overview

The research for this project was conducted in five parts:

1. We scanned industry definitions and interpretations of impact investing to identify how it differs from other responsible approaches and the minimum requirements for a credible impact investing approach.
2. Given this project's focus on mobilizing asset owners and tapping into their potential, we identified and prioritized several types of asset owners that are uniquely positioned to invest for positive social and environmental outcomes, including:
    - **Pension Funds:** Funds that invest on behalf of plan members to provide retirement income with a focus on defined benefits
    - **Endowments and Foundations:** Non-profit organizations that use their endowment funds to support their mission and working capital
    - **Family Offices:** Diverse, entrepreneurial offices managing assets for high net-worth single or multiple families
    - **Insurance General Accounts:** Insurance companies that invest their policyholders' premiums to generate returns and cover liabilities
    - **Government-Sponsored Funds:** Government-owned or funded investment entities designed to manage government reserves or created to invest capital for a specific purpose

3. We then conducted research into drivers and barriers toward impact investing widely common to all the asset owner categories and specific to each one. The following drivers and barriers were identified as being potentially common across asset owners, regardless of investor type. For a detailed list of common drivers and barriers, please see Appendix A.

Common Drivers	Common Barriers
• Address systemic issues • Leadership and values • Organizational culture • Public influence • Responsible investing strategies/mandates • Stakeholder preferences • Thematic allocation	• Access to qualified advisors • Awareness and knowledge • Availability of impact products • Clarity on standardized impact measurement and management • Fit with current investment mandate and appropriate investment size • Investment team capabilities • Limited impact products with long-term performance records • Manager due diligence requirements • Preconceptions and myths

We also identified the following unique drivers that may have encouraged first-moving asset owners to explore or adopt impact investing, as well as unique barriers that may be preventing them from doing the same.

Investor Type	Unique Drivers	Unique Barriers
Pension Funds	Long-term investment horizon	Fiduciary duty
	Universal ownership and systems-level investing interests	Asset liability model
Endowments & Foundations	Philanthropic objectives/mission	Governance structure
	Enhance impact beyond traditional grants and donations	Availability of place-based/mandate-aligned investment opportunities
Family Offices	Personal mission/objectives to create a positive impact	Negative assessment of impact fund performance and risk profiles
		Concerns about lower liquidity
Insurance General Account	Interest in climate risk mitigation and adaptation	Liquidity requirements
	Preferences and interests of policyholders	
Government-Sponsored Funds	Incentivize private-sector capital	Public perception and election cycles
	Fill gaps in opportunity supply, aligned with policy objectives	Government targets, political priorities and commitments

4. We conducted interviews with asset managers and asset owners representing 25 organizations and CAD 1.5 T in assets, at various stages of their impact journeys, to understand what prevented them or drove them to explore impact investing strategies, and what solutions they would recommend to asset owners experiencing various challenges to engaging.

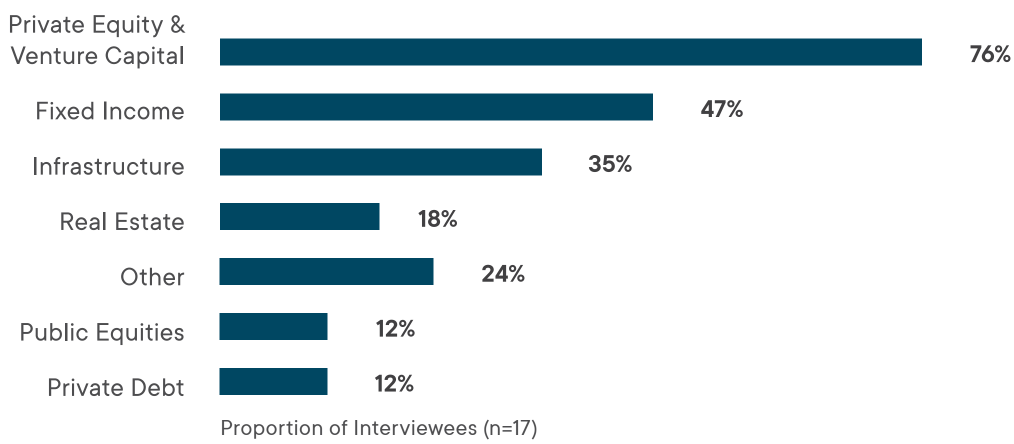
   Note: We specifically targeted a group of asset owners that have not been active in the impact investing space, or have not classified their investments as impact, to better understand why. For a full list of interview participants, please see Appendix B.

5. We anonymized the insights and synthesized recommendations and proposed actions that will enable various stakeholders in the Canadian impact investing ecosystem to support asset owners with deploying more capital for impact. This research was also enhanced with data contributions from the Responsible Investment Association (RIA) and the Global Impact Investing Network (GIIN).

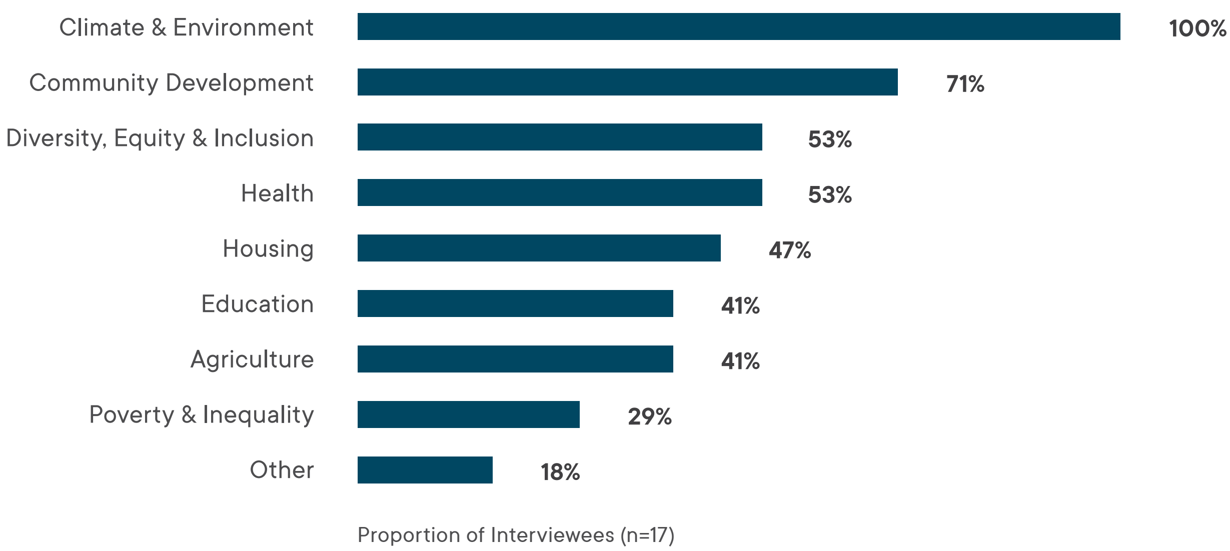
Interviewee Snapshot

Total AUM / Capital represented (CAD)	**1.5 T (n=24)[1]**
Proportion of Interviewees with impact investing allocations (%)[2]	**71% (n=24)**
Unweighted average allocation to impact (%)[3]	**49% (n=17)**
Impact investing capital represented (CAD)[4]	**13.5 B (n=17)**

Impact Investment Asset Class Breakdown



Impact Investment Theme Breakdown



1. Note: One organization did not provide AUM and impact allocation data
2. Based on proportion of interviewees who responded "Yes" to "Have you made allocations to impact investing (yes/no)?".
3. Based on responses to "What percentage of your AUM have you allocated to impact investing?" for those who said they responded "Yes" to "Have you made allocations to impact investing (yes/no)?". The range here goes from 0.001% to 100%.
4. Based on either total impact AUM stated by interviewee, or calculated by multiplying interviewee's impact allocation % by their total AUM. Given RIA estimate of current Canadian impact AUM of CAD 14 B on page 22, this highlights the need for greater alignment on methodologies for defining and calculating impact AUM within Canada.

Impact Investing Drivers

There are multiple forces behind an investor's decision to pursue impact investing. We differentiate these factors into two main categories: those internal to the organization, including its customer and/or beneficiary preferences, leadership and organizational culture, its responsible investing mandate and competitive differentiation, and those external, including systemic issues, investment opportunities and government regulations and incentives. This section will explore each driver in further detail, provide examples from our research and highlight key case studies.

Internal Drivers

Beneficiary, Trustee and Client Preferences

Impact investing is increasingly being driven by beneficiary, trustee and client preferences, which are shaping investment decisions by asset owners and managers. There is a noticeable generational shift in investment preferences[1], with younger generations advocating for investment strategies that reflect their values and priorities, including social responsibility, climate change and diversity, equity and inclusion. This includes exerting pressure to align investments with environmental, social, and governance (ESG) considerations to create a positive impact with an individual's pension or investment portfolio, while delivering a strong financial return. Geneviève Morin, President and CEO of Fondaction, points out this shift with the term, 'intentional saving' – "where we choose to use our own money in a way that corresponds with our personal and civic values. Capital committed to having a positive impact on society and the planet. Savings linked to our values" [translated from French][2].

This trend extends to family office mandates and objectives, with family members exerting influence over the direction of investment capital, driving positive environmental and social outcomes in addition to financial returns.

Example

Eclipx Family Office

Encouraged by the work of the Trottier Family Foundation in addressing the climate crisis, the Eclipx Family Office was established to broaden the capacity of the foundation and apply its sustainable investment objectives to the endowment and carry over these practices into private family assets.

Concurrently, depositors and plan members are demonstrating a heightened appetite for transparency and accountability regarding investment performance, beyond monetary value, to include the impact on environmental and social factors. One pension fund interviewee noted that "there is certainly an appetite from depositors to better understand the ESG positioning of our portfolio", an example of increased engagement and influence from pension beneficiaries.

Alongside these factors, student activism and the divestment movement are playing a pivotal role in shaping the discourse around responsible investing, further propelling the momentum toward impact-focused investment strategies. For example, members of the BC Teachers Federation recently organized a protest calling for the Teachers' Pension Plan's assets, managed by the British Columbia Investments Corporation, to divest from fossil fuels due to high carbon emissions and the subsequent impact on climate change.[3]

Furthermore, there is a growing demand from some institutional investors, including pension funds, toward their asset managers for innovative applications of their investments. Clients from around the world, including those in Canada and the United States, are increasingly inquiring about the extent to which investment strategies incorporate impact investing, notably climate finance. The PRI's annual Reporting Framework for signatory investors also ask about 'sustainability outcomes' in its annual disclosure requirements.

1. Canadian Foundation for Financial Planning: Values & Priorities of Millennials in Canada
2. Fondaction: Nous sommes 217 888 et nous sommes Fondaction !
3. 'Invested in their destruction': B.C. teachers ask for pension divestment from fossil fuels

Leadership and Culture

Management teams and boards are increasingly influential in driving impact investing within investment organizations. For many leaders, integrating sustainability into the organization's vision and investment mandate is not just a preference but a fundamental component of fulfilling their fiduciary duty, recognizing the link between positive environmental and social outcomes with achieving strong and consistent financial returns over the long term while reducing risk and volatility. The President and Chief Executive Officer of Caisse de dépôt et placement du Québec (CDPQ), Charles Émond, noted in the organization's 2022 Sustainable Investing Report that "as a manager of public funds, building a more equitable and sustainable world is not a choice. It is a responsibility that goes with our fiduciary duty".[1] This sentiment underscores a profound shift in organizational ethos, where sustainability is not merely an add-on but an integral part of strategic decision-making and planning for the future.

Simultaneously, new leadership being brought into various organizations recognize the potential for societal impact and are actively pushing for the integration of sustainability into organizational identity. This shift is evident in the growing focus on initiatives such as supporting female-owned businesses and a broader mandate for sustainability and ESG integration.

> "Tone at the top was important. The board and senior management set an explicit objective that sustainability principles would be embedded in everything we do as an organization."
>
> – Insurance Company Representative

Furthermore, the momentum for impact investing is also being fueled by internal dynamics within organizations, notably through employee demand. Employees, similar to beneficiaries, clients and trustees mentioned above, are increasingly aware of environmental and social concerns and are advocating for meaningful change within their organizations.

Responsible Investing Strategy

A key driver propelling the shift towards impact investing lies in the adoption and execution of an organization's responsible investing mandate. This encompasses various approaches, including thematic allocations (e.g. climate transition, affordable housing) and net-zero commitments (i.e. building actions and targets towards net-zero emissions), which signal a commitment to addressing pressing environmental and social issues. Moreover, there is a growing emphasis on factoring the impact of a portfolio into an investment mandate to ensure it has a positive impact and is being measured. Importantly, these strategies are seen as crucial for long-term value creation and protection, as they not only address global challenges but also contribute to the resilience and sustainability of investments over time.

> "Sustainable investing is in our roots. It's in our DNA. People choose to do business here because of that."
>
> – Asset Manager Representative

1. CDPQ 2022 Sustainable Investing Report

Market & Talent Differentiation

As discussed in Beneficiary, Trustee and Client Preferences and Leadership and Culture, individuals are asking more of their investments, employers and local organizations to both increase their positive impact on the environment and community while reducing their negative impact. There is a recognition of the profound influence of public perception on recruiting and retaining top talent and cultivating a loyal customer base. Notably, the decision to align capital with impact objectives often stems from internal stakeholders, including employees and community partners, thereby reflecting a commitment to shared values and social responsibility.

Secondly, organizations increasingly strive to position themselves as leaders in impact investing. This aspiration is not only about internal culture but also external recognition; some investors value being viewed as pioneers in sustainable investing and being approached by peers for guidance in integrating impact-driven approaches into their investment strategies.

External Drivers

Addressing Systemic Issues

The momentum toward impact investing is in part driven by organizations wanting to address systemic issues and navigate multi-faceted crises. Foundations and family offices are increasingly motivated by their philanthropic objectives to leverage more of their investment capital to create meaningful social change while delivering strong returns. Similarly, governments at all levels are incorporating impact investment mandates into funds, viewing them as integral components of increasing government and private investments in the economy while delivering on their environmental and community mandates.

Some pensions are guided by principles of universal ownership, where they believe unmitigated social and environmental challenges present long-term systemic risks to their large, diversified investment portfolios that are often representative of global capital markets. Two pension fund interviewees noted that by reducing externalities as universal owners, they can address systemic issues and positively impact the longevity of their funds. This is mirrored among asset owners who recognize the potential to enact transformative change while simultaneously mitigating long-term investment risks.

"It's all complementary. If you're looking at things from a systems level approach."

– Pension Fund Representative

Government Regulations and Incentives

Government regulations and incentives play a strong role in driving momentum toward impact investing. Some government funds, like the Government of Canada's Social Finance Fund, have a specific mandate to drive more public and private capital into impact investing, building a market and providing incentives toward social and environmental impacts. Additionally, there are increasing opportunities in blended finance and development finance, where public and private sectors collaborate to address social and environmental challenges through investing opportunities in emerging markets.

The emergence of new regulations, particularly in regions like Europe, is compelling investors to align with stringent ESG standards. Compliance with regulations such as the Sustainable Finance Disclosure Regulation (SFDR) not only ensures legal adherence but also acts as a self-enforcing mechanism, driving investors to document and structure their impact claims more rigorously. This regulatory landscape is catalyzing a shift in the market, where one interviewee noted that compliance with regulations like SFDR "forces us to be better, document better and make impact claims in a structured way".

In Japan, as part of its 'New Form of Capitalism' initiative, the Government of Japan asserted that addressing social or environmental issues can drive growth in its society and introduced policies promoting impact investment.[1] For example, it is encouraging investment in social entrepreneurs through partnering with the private sector and building public-private funds.[2]

Access to New Investment Opportunities

Impact investing is also being propelled by the expanding landscape of investment opportunities, particularly due to the demonstrated success of start-ups aiming to solve environmental and social challenges through their business models and – sometimes linked - impact funds successfully raising multiple investment rounds (e.g. Active Impact Investments, Amplify Capital, Cross-Border, Raven Indigenous Capital Partners). These funds have showcased tangible results, fostering confidence among investors and signaling the viability of impact-driven strategies.

Example

Raven Indigenous CAPITAL PARTNERS

Raven Indigenous Capital Partners

Through its impact funds, Raven Indigenous Capital Partners makes mission-driven investments in early and growth stage Indigenous companies to help build a renewed and sustainable Indigenous economy in Canada and the United States. Raven launched its first fund in 2019 with CAD 25 M. In 2023, Raven closed an over-subscribed CAD 100 M Fund II with a focus on five thematic areas, Information Technology/Software as a Service (SaaS), Climate/Clean Energy, Food Sovereignty/regenerative agriculture, health and next-generation consumer products.

1. Report by the Working Group on Impact Investment
2. Japan's Road to a New Form of Capitalism

Example

Amplify Capital

Launched in 2016, Amplify Capital (originally known as the MaRS Catalyst Fund) was Canada's first early-stage impact venture capital firm. Since then, it has successfully raised capital for two impact funds, invested in 16 early-stage companies and exited five investments. Amplify's investments focus on health, education and environment technology companies in North America aiming for measurable and positive environmental or social outcomes alongside market-rate returns.

On the side of corporate performance, the Corporate Knights Sustainable Economy Taxonomy, a database assessing corporate contributions to the sustainability transition, revealed that sustainable revenue[1] reached USD 5 T in 2022. This marked an 80% growth rate among tracked companies from 2019 to 2022, outpacing gross revenue (excluding sustainable revenue) for these same companies by twice the rate and surpassing global GDP growth by fourfold. These results highlight the success achievable through investments in sustainable revenue sources, which share common goals with impact investing, especially in positive environmental outcomes.

Moreover, some investors are being drawn to funds building strong track records creating impact within emerging markets. Their familiarity with navigating the complexities of emerging economies, while delivering on and measuring their impact, positions them to identify and seize impact investing opportunities where they are abundant.

Example

Climate Investing with Idealist Capital

Climate investing is increasingly viewed as a promising impact investing opportunity for institutional investors. One notable example is Idealist Capital, an impact fund focusing on commercial-scale technology developers dedicated to transitioning to a low-carbon economy. Idealist targets power-supply decarbonization, electrification of transportation, carbon reduction in industrial activities, and promotion of the circular economy.

Recently, Idealist secured investments from significant players such as the Canada Growth Fund, a CAD 15 B pool set up by the Government of Canada to direct private-sector capital toward Canadian technologies supporting emission reduction goals. Managed by PSP Investments, a public-sector pension-fund manager, the Canada Growth Fund highlights the growing interest in climate-conscious investments.

Additionally, Idealist received backing from Realize Capital Partners, a collaboration between Toronto-based impact investment management firm Rally Assets and early-stage venture capital firm Relay Ventures. Realize is among the fund-of-fund managers selected by the Government of Canada to implement the Social Finance Fund, a CAD 755 M initiative aimed at fostering the growth of Canada's social finance market. This diverse support underscores the increasing recognition and momentum behind climate-focused impact investing initiatives.

1. Corporate Knights Sustainable Economy Taxonomy

Impact Investing Barriers

While there are multiple factors driving investors to allocate funds toward impact investing, there exist various barriers as well. Similar to drivers, the barriers are separated into those internal to an organization, including the definition and application of its principles being considered unclear, a lack of awareness and knowledge about impact investing, wariness toward labeling certain investments as impact and external, including a lack of standardized impact measurement and management, limited track record of impact asset managers and limited availability of impact products.

Internal Barriers

Unclear Definition of Impact Investing

One significant barrier hindering the broader adoption of impact investing revolves around the lack of a clear and practical definition of impact investing. As discussed under Clarifying the Definition, there are various organizations providing guidance on the definition and application of impact investing and its principles. The ambiguity surrounding what qualifies as an impact investment and the rigidity of existing definitions pose challenges for investors considering this market.

Particularly, there are concerns regarding proving intentionality behind impact investments, with some pension fund interviewees explicitly stating that their primary focus is on financial returns rather than social or environmental impact. This increases caution among investors considering impact investments, as some believe intentionality means solely focusing on social and environmental impact while sacrificing financial returns.

> "Is it really intentional if it's a good investment and I would have made it regardless?"
>
> – Pension Fund Representative

Multiple interviewees noted a misconception around impact investing financial returns, claiming that various groups internal and external to their organizations commonly believe that impact investing leads to concessionary financial returns.

Investors also noted a need for clarity on concepts such as additionality, with some investors unsure of whether this additionality is needed for an investment to be considered as impact and others struggling to demonstrate this principle in their investment practices. This principle is increasingly difficult to prove with public equity investments, as it is difficult to trace a particular organization's investment leading to a positive impact that would not have occurred otherwise. Demonstrating additionality has been easier to do with private and 'control' investments, but as discussed on page 17, additionality is often considered an approach to enhancing impact investing practices by multiple organizations. Emphasis is rather placed on the principles of intentionality, measurement and financial return.

Addressing these barriers requires not only clearer definitions and frameworks but also a broader shift in mindset and perception within the investment community to foster greater alignment between financial objectives and societal impact goals.

Lack of Awareness and Knowledge

Our research noted a lack of awareness and knowledge among investors and their advisors, including those with no knowledge or awareness of impact investing. This also encompasses prevalent preconceptions, particularly regarding the perceived trade-off between financial returns and impact investing. As discussed earlier, many stakeholders believe that engaging in impact investing requires sacrificing financial gains. While some within organizations understand that impact investing can yield market-rate financial returns, the misconception about lower returns persists among boards, trustees and investment committees focused solely on traditional investment strategies prioritizing financial returns. Compounding this challenge is the scarcity of comprehensive performance and benchmarking data, both in terms of impact metrics and financial returns, further obscuring the potential benefits of impact investing.

Further, another obstacle lies in the interpretation of fiduciary duty. For some, the duty means maximizing financial returns, often overshadowing considerations of social and environmental impact. This interpretation of fiduciary duty was found among some pension plans we interviewed where sustaining pension payments to beneficiaries was defined as the priority organizational objective over other potential outcomes, including generating impact.

Additionally, these barriers are increased due to limited access to qualified impact investing advisors and shortages in investment team capabilities. The scarcity of skilled professionals, both internally and externally, poses challenges in understanding and applying the impact investing principles, identifying opportunities and getting broader support within the organization.

Highlight

PRI's "A Legal Framework for Impact"

The topic of fiduciary duty and impact investing was considered in further detail in a joint report by PRI, Generation Foundation and the UN environment program titled "A Legal Framework for Impact: Canada", which analyzed a broader 2021 report reviewing the legal framework for impact investing internationally. They found that "Canadian law does permit and may even require investors to consider pursuing positive and sustainability impacts – or investing for sustainability impact – as a way to achieve financial returns and protect financial value, though Canadian law limits the pursuit of positive sustainability impacts as an end in itself".

Labelling Risk

In our research, we found multiple investments made by prominent Canadian institutional investors that may be considered as impact investments but were not labeled as such. Taking this finding to some of these investors, we identified another barrier to impact investing: labeling risk. This risk encompasses various considerations, including the cost-benefit analysis of attaching the 'impact investing' label to portfolios. General partners often express apprehension that such labeling might limit their ability to attract certain limited partners who may not prioritize impact-driven strategies. Similar to the examples provided under Lack of Awareness and Knowledge, some of these general and limited partners fear that associating a fund with impact investing could lead to preconceptions of lower financial returns or concessions, thereby detracting from the priority placed on financial performance.

> "Some of our investments we would classify as impact investments... but it won't be a part of our external discussion for a while."
>
> – Pension Fund Representative

Furthermore, the emergence of large institutional investors in the impact investing landscape has sparked cynicism and skepticism among some stakeholders. There is a concern that these entities may prioritize financial gains over genuine social or environmental impact, potentially diluting the integrity of impact investing efforts. This, in turn, produces a barrier for institutional investors considering entering the impact investment space, as they risk criticism from other players and the public.

> "There is some trepidation because as soon as you hold something up as being virtuous, you invite criticism. The lines on this will always be grey – there's no such thing as a perfect impact investment."
>
> – Pension Fund Representative

Additionally, there is a legitimate concern regarding the risk of 'impact washing' (akin to greenwashing), where investments are misrepresented as impactful to capitalize on the growing demand for responsible investments. This risk is compounded by legal considerations and the potential scrutiny from media and stakeholders.

As discussed under 'Impact-Adjacent' Investing Approaches, distinguishing between impact investing and other responsible investment approaches, such as thematic investing, presents another hurdle. It is at times difficult to differentiate among different investment approaches and some investors choose to avoid the labeling risk behind impact investing and categorize their investments under another responsible investing strategy.

External Barriers

Impact Measurement and Management Consistency

One barrier noted by multiple interviewees and reports is the absence of a universally adopted approach to impact measurement and management. This is particularly pronounced in the realm of manager due diligence and reporting requirements. It proves arduous for investment teams, especially those with limited resources, to conduct comprehensive impact due diligence and maintain ongoing measurement efforts.

> "The amount of time that people have spent to get the deal done has been wildly disproportionate with the size of the investment and even the outcome."
>
> – Foundation Representative

Integrating impact measurement and reporting into existing responsibilities further compounds the time constraints faced by these teams. One asset manager interviewee noted that their team requires hiring an additional employee to conduct their impact measurement and reporting practices. Moreover, investees often lack the capacity to effectively measure, communicate, and promote the impact generated by investments, contributing to a shortage of reliable data. Requiring them to fill out extensive impact measurement forms and tools can prove to be difficult and time-consuming, particularly for smaller teams and boutique asset managers.

Recent strides towards standardization have been essential in driving alignment across the sector, in particular stewardship efforts by Impact Frontiers on the impact norms (e.g. five dimensions, ABCs of impact, impact-financial integration) and the Impact Management Platform's System Map demonstrating uses cases for key frameworks for enterprises and investors (e.g. UN SDGs, UN PRI, GIIN IRIS+). However, there remains room for further improvement and additional standardization in how these norms and standards are applied. Additionally, technology solutions are emerging, but are still far from being widely adopted.

One government-sponsored fund interviewee noted that impact fund managers are showing a lack of rigor in integrating impact measurement into investment processes, and inconsistency between fund managers. This underscores the need for common approaches, practices and frameworks. Without this, investors will continue to create bespoke approaches for their investment strategies, making it challenging to ensure consistency and precision in impact measurement across different investors and investees, and between limited and general partners.

Limited Availability of Impact Products

Although the introduction of new impact investing products may produce a driver for some investors, others continue to note the limited availability of suitable impact products as a barrier to entering the market. This limitation appears in different aspects, including the alignment of available products with existing investment mandates and portfolio sizes. Many investors, notably large institutional investors such as pension funds and insurers, struggle to find impact investing products that fit within their requirements and minimum investment amounts, making it challenging for investors to integrate them seamlessly into their portfolios. One such requirement is a long-term performance record. The limited track record of new impact products then presents difficulties in convincing investment committees to allocate resources toward impact investing.

While requiring impact products to show a track record of financial performance before making an investment decision, investment managers are often evaluated on short-term performance periods themselves. Reviewed on quarterly and annual cycles, these investment managers tend to focus on investments that can provide quick and consistent returns, which is, at times, in contrast to impact projects that can require longer time horizons to show profitability.

Furthermore, the absence of impact products tailored for retail clients compounds the challenge, restricting the accessibility of impact investing to a broader investor base and limiting its potential for widespread adoption. Overcoming these barriers requires innovative solutions and collaborative efforts to expand the availability of impactful investment products across diverse investor segments.

> "There is this existing offering that has largely been pretty small and retail oriented, and doesn't hit the mainstream of what institutional investors are looking for."
>
> – Government-sponsored fund representative

Scaling the Market – Solutions

To advance the impact investing market in Canada, we have outlined a comprehensive set of recommendations designed to leverage the drivers propelling investors towards impact investing while addressing existing barriers. There are a total of 18 near-term and long-term recommendations forming the basis for the Roadmap. These recommendations are structured around five key pillars:

1.
Mainstream
Clarify the principles to broaden engagement

2.
Develop Product
Increase supply, size and diversification of impact investing opportunities

3.
Accelerate Capacity Building
Expand education, awareness and training efforts

4.
Collaborate
Move faster together through cooperation

5.
Advocate
Demand policy and regulations that will incentivize capital deployment

1.
Mainstream – Clarify the principles to broaden engagement

As discussed in the Unclear Definition of Impact Investing barrier, multiple investors are confused about the varying definitions and applications of impact investing principles, leading to apprehension toward its implementation in investment portfolios. To address this and concerns around labeling risk, investors can 1) embark on a campaign to share Canadian impact investing practices and successes, 2) utilize readily available resources to begin applying impact investing principles and collaborate on a common definition and requirements and 3) advocate for an impact investing taxonomy and guidance in the long term.

1.1
Near term: Create a campaign to highlight Canadian impact investing successes and mobilize conversation on dispelling myths and misperceptions

In 2022, the RIA assessed the Canadian impact investing market to be worth CAD 14 B. This market has demonstrated steady growth over time, with numerous success stories serving as evidence of its resilience and ability to create positive environmental and social outcomes alongside financial returns. With these examples, active impact investors can engage with investors in the mainstream investing industry through events and conferences (e.g. Sustainable Finance Summit) and industry associations (e.g. RIA, Principles for Responsible Investment, Shareholder Association for Research & Education) to share knowledge and tools on impact investing and examples of Canadian impact investing case studies with the resulting impacts and financial returns. These engagements are key to fostering dialogue on impact investing, sharing drivers and barriers and dispelling common misperceptions, particularly regarding the compatibility of impact investing with market-rate financial returns and the optional nature of additionality.

There are already several initiatives underway in Canada to promote coordination among impact investing stakeholders, including the structuring of a Canadian National Advisory Board (NAB) being led by the Table for Impact Investing Practitioners (TIIP) and the Canada Forum for Impact Investment and Development (CAFIID). While this work continues, it will be essential to connect these efforts to those of other institutional investors and asset owners adopting leading standards in sustainability and impact investing.

Learning from Examples

Principles for Responsible Investment (PRI)

The PRI, a United Nations-supported group working to achieve a sustainable financial system, encourages investors to use responsible investment to enhance returns and better manage risks through the adoption and practice of six principles on responsible investment. Investors sign onto the Principles to publicly demonstrate commitment to investing responsibly. To drive signatory growth in Canada, investor groups collaborated through pinnacle initiatives, such as PRI in Person and the Montreal Pledge, to sign onto the Principles and convince other investors to join.

1.2
Near term: Align on a minimum standard for applying impact investing principles

After engaging and learning more about impact investing, some investors may choose to experiment with and implement impact investing in their organizations; however, they do not need to build customized investment strategies and approaches. There are extensive resources and prevailing standards, such as the Operating Principles for Impact Management (OPIM), that are available to assist investors in interpreting the definition and following a step-by-step framework to integrate impact measurement and management into investment processes. These principles can serve as a useful resource for beginning a journey in impact investing without having to create a new, robust structure. Investors should also continue to embed broadly adopted standards and frameworks, such as the Impact Frontiers/Impact Management Project's impact norms (e.g. five dimensions of impact, impact ABCs classification) and the GIIN's IRIS+ metrics, into their impact measurement practices where possible.

> "In the absence of a label on the products, a label on the process is helpful."
>
> – Pension Fund Representative

Using the OPIM principles as a foundation, investors can come together to collaborate on a common approach to applying the impact investing principles in Canada. Particularly, this includes endorsing the OPIM principles as a framework for creating impact investment processes and aligning on the minimum requirements for impact principles. This can be achieved through bringing investors together at an Impact Summit to discuss impact investing and the OPIM Principles and sign onto a common initiative, as was done with the Principles for Responsible Investment (explained above).

While there is still a need to have consensus approaches and frameworks applicable across asset classes, frameworks like OPIM can build towards this goal by providing a mechanism to compare practices among investors with similar investments. Obtaining alignment on a set of common impact investing principles and how to apply them, particularly among Canada's largest asset owners, is beneficial for fostering a cohesive approach among diverse investor types. This clarity can help mitigate the risk of non-labelling and build ease and confidence among investors considering impact investing.

Further, as impact investing is often confused with other approaches to responsible investing (please see Impact-Adjacent' Investing Approaches), providing clarity on the principles of impact investing will allow investors to identify how it is different from other responsible investing methods.

Operating Principles for Impact Management

Highlight

The Operating Principles for Impact Management (OPIM)

OPIM's nine impact principles provide a framework for investors for the design and implementation of their impact management systems, ensuring that impact considerations are integrated throughout the investment lifecycle. Currently there are 184 signatories to OPIM covering USD 517 B in assets, including 7 investors based in Canada – BentallGreenOak, BMO Financial Group, Cordiant Capital, Dream Unlimited Corp., FinDev Canada, RBC Global Asset Management, Sarona Asset Management.

1.3
Long term: Create an impact investing taxonomy and disclosure standard

In the medium to long term, investors can work with policymakers, particularly federal bodies such as the federal government, the Office of the Superintendent of Financial Institutions, the Canadian Sustainability Standards Board (CSSB) and the Canadian Securities Administrators, towards establishing clear impact investing principles and reducing ambiguities in regulations and disclosure. An impactful step includes the creation of an impact investing taxonomy (official definition, principles and criteria to help investors and the public understand a common application of impact investing), akin to the approach taken with green bonds with European Green Bonds and the ICMA Green Bond Principles, which would enhance knowledge and awareness and reduce uncertainty around impact investing strategies. It would be important to draw from the lessons learned by the Sustainable Finance Action Council (SFAC) which worked with the support of the Government of Canada on building a taxonomy to define green and transition investments.

A Canadian impact investing taxonomy can be built on global best practices and leverage existing resources for efficiency and adaptability for current practices. A taxonomy, introduced alongside regulatory requirements regarding sustainable financing and impact investing practice disclosures, can both help build transparency in the market, increase clarity on the application of impact investing and reduce the risk of 'impact washing'. With a taxonomy in place, regulators can also work with the industry and global impact investing organizations to help create a label for impact investing to enable different players to create and identify impact investing products appropriately.

In parallel, impact measurement and management frameworks can provide significant value to improve impact investment decision-making, evaluate impact results and assess long-term value. As discussed in Impact Measurement and Management Consistency, continued consensus building in applying impact investing practices and frameworks will be key to reducing confusion, apprehension and cost disparities while increasing reliability.

An impact disclosure standard will build consensus and consistency. Impact Frontiers' recent Impact Performance Reporting Norms will help facilitate high-quality disclosures and reporting between GPs and LPs. The work being done by the Impact Disclosure Taskforce, led by a group of public and private financial institutions and investors including JP Morgan and Natixis, is also a step in the right direction for public disclosures. A first draft of the guidance and voluntary guidelines to help investors credibly disclose their contributions to the UN SDGs was released for public consultation on April 18, 2024.

Similar to the CSSB creating the Canadian Sustainability Disclosure Standards (CSDS) based on the International Financial Reporting Standards (IFRS) S1 and S2 sustainability and climate-related disclosure standards, a group of Canadian champions can champion adopting the Impact Disclosure Taskforce's new guidance, or building on them to meet the needs of Canadian institutional investors.

2.
Develop Product – Increase supply, size and diversification of impact investing opportunities

Significant variability exists among and within different investor types on their investment strategies, requirements and approaches. Each investor looks for different impact investment asset classes and thematic areas when building an impact investing approach and identifying investment opportunities. For example, pension funds and insurers may seek investments with a higher capital raise, market-rate risk and return and strong track record, whereas certain foundations and family offices may be open to higher risk, invest a lower amount and look for investments more place-based and/or mission-related. More impact investing products are needed, beyond the venture capital and private equity investments that have been the foundation of the Canadian market's growth. To address these and the limited availability of impact products, it is essential to 1) develop new impact investing solutions through pooling capital, 2) understand the supply of impact investing products, 3) quantify current demand and 4) create retail impact investing products.

2.1
Near term: Encourage the pooling of capital to create institutional size impact investment opportunities

To meet large asset owner requirements for higher capital and diversified investment opportunities, smaller impact investments across industries, locations and investees can be pooled into a common fund. This would increase the investment size as the capital invested would be distributed among multiple projects while increasing diversification and reducing risk. Pooling capital would also allow investors to share responsibilities for due diligence and ongoing impact measurement and management using known frameworks, such as OPIM's Impact Principles, reducing additional burden for individual investors. This is discussed in further detail in Recommendation 4.1. Additionally, through pooling different industries and projects, this approach allows bringing in new and emerging impact fund managers to build an investment track record and leverage experience and tools from other investors.

Learning from Examples

Moving from ESG to Impact Investing

Building on the success of the Great Canadian ESG Championships, which brought together a diverse range of Canadian investors to publicly identify and invest CAD 104.5M in leading ESG investment approaches, the McConnell and Trottier Family Foundations, have partnered with TwinRiver Capital to launch a best-in-class, multi-asset, impact fund of funds. The fund will address the gap in institutional quality impact investment products in Canada. By adding a diversified investment option, the partners expect financial institutions, pension assets, family offices and endowments to allocate more capital towards opportunities that generate positive change for people or planet while simultaneously seeking competitive risk-adjusted financial returns.

Fondation McConnell Foundation

Fondation Familiale Trottier Family Foundation

TWINRIVER

2.2
Near term: Evaluate current impact investing product supply available to meet demand in the Canadian market

Understanding the availability of impact investment opportunities enables asset managers to identify potential areas for growth and development within the market. This can be achieved through reviews of investment databases (e.g. Pitchbook, Phenix, New Private Markets, CapShift, Cambridge Associates, CREO), platforms bringing together impact investors with investment opportunities — such as the Social Venture Connexion (SVX) — and accelerator programs like McConnell Foundation's Solutions Finance Accelerator, which provides support to intermediaries to enable the development of more impact investing products.

Additionally, it is essential to compare asset owner requirements for impact investments against the current supply (i.e. if the investment size, focus areas or locations match expectations). This comparison allows for the alignment of investment offerings with the specific preferences and expectations of asset owners, ensuring that new impact investment opportunities effectively meet their needs and objectives. Further, this allows for an assessment of the gaps in the market and types of products that need to become available to fill asset owner demand and respectively grow capital invested in impact.

2.3
Near term: Quantify asset owner demand for sustainable outcomes-focused and impact investing

Many asset owners outline their ESG and impact focus areas through their Statements of Investment Policies and Procedures (SIPP) and ESG policies. In doing so, they are often identifying their demand for investments aimed at generating positive environmental or social outcomes, such as climate, education, healthcare and housing. This can be taken a step further, by quantifying the investment products that asset owners will need to meet both the impact objectives of their investment policies and their financial return expectations. This will involve working with asset owners to discern their investment preferences in terms of investment size, industry, focus areas, financial return, and more. On the supply side, this step involves understanding their requirements for those creating and issuing impact investing products. This data is essential to better evaluate against the available supply and focus impact asset manager efforts on producing creating that asset owners are in the market for.

2.4
Long term: Develop capacity for financial institutions and others to create more retail products

Building retail products for impact investing holds potential for multiple benefits, from increasing capital allocation toward impact investing to fostering financial inclusivity among the public. This expansion not only widens the reach of impact investing but also cultivates knowledge and awareness among the wider public, including beneficiaries and stakeholders of large asset owners, which in turn influences these asset owners when making their own investment allocation decisions.

The demand for retail investment products offering both financial returns and positive environmental and social outcomes underscores the market opportunity and appetite for aligning investment decisions with impactful outcomes. According to Nuveen's 2021 Responsible Investing Survey, "79% of investors agree they would be much more loyal to a financial advisor who actively helps them in a way that also has a positive impact on the world". However, there are few opportunities available now for retail investors seeking impact investment solutions, such as Vancity's Impact GICs, RBC Global Asset Management's Impact Funds, and TwinRiver's Global Impact Fund.

Tapping into the substantial capital invested by retail investors and high net-worth individuals through their financial institutions and their affiliated financial advisors underscores the vast potential for impact investment growth in the retail sector. In addition to building retail investment products, one can work with financial institutions to facilitate inclusion on distribution networks such as Fundserve and sustainability ratings on research platforms such as Morningstar Sustainalytics, provide knowledge on impact investing, and share the impact created to expand the reach.

It is also important to work closely with the Canadian Investment Funds Standards Committee (CIFSC), the entity responsible for developing and monitoring standards for the classification of investment funds, to ensure its impact investing classification aligns with standard principles and best practices as it expands to asset classes beyond public equities. Additionally, new retail impact products should be aligned with the CIFSC definition of impact investing[1] so that they can be labeled appropriately.

1. CIFSC definition of impact investing: The fund invests in companies or projects that intend to have a measurable positive environmental and/or social impact as well as the intent to generate a positive financial return. Funds must have a stated impact measurement and management policy.

3.
Accelerate Capacity Building – Expand education, awareness and training efforts

To tackle the Lack of Awareness and Knowledge on impact investing, it is essential to 1) educate the public on impact investing to drive its influence, 2) leverage existing education offerings, 3) facilitate tailored education opportunities for decision-makers, 4) encourage experimenting with and exploring impact investing and 5) embed impact investing into education programs and certificates.

3.1
Near-term: Launch a public awareness campaign to empower beneficiaries to drive change through their investment managers

An awareness campaign aimed at educating the public on impact investing and the principle of driving positive environmental and social outcomes while obtaining meaningful financial returns can provide significant progress towards increased impact investing. As more Canadians seek to drive positive environmental and social outcomes through their investments, there is a growing recognition of the potential impact of investing in retail impact products. A report titled " The Individual Imperative: Retail Impact Investing Uncovered" conducted a survey of more than 200 retail investors and 300 advisory firms across North America and Europe. It found that 78% of retail investor respondents are aware of the principles of impact investing and are actively investing in impact investing funds or products. 55% of these respondents also plan to increase their impact investments.

Educating individuals about impact investing and its environmental and social outcomes can lead to increased interest in actively seeking out and investing in retail impact products. Additionally, individuals may use this knowledge to exert pressure on their pension funds to allocate funds toward impact investments, thereby catalyzing broader change in impact investing allocations among asset owners. Beneficiaries are influencing pension funds through organizations like Shift: Action for Pension Wealth and Planet Health in Canada and Make My Money Matter in the United Kingdom. These organizations bring together beneficiaries and their pension funds to address the climate crisis by raising awareness about pension investments among beneficiaries and offering guidance on engaging with funds to tackle climate-related issues.

3.2
Near term: Expand access to impact investing education offerings and promote existing thought leadership

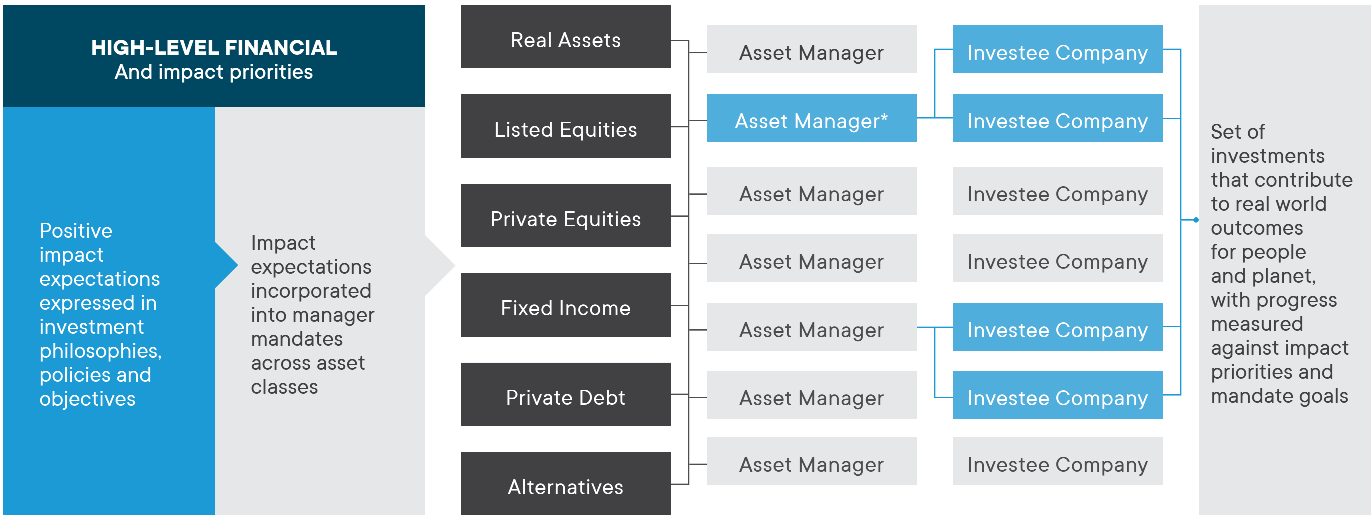
Impact investing education is important for individuals and groups that are new to finance and investing and those that are experienced and already working in the industry. There already exists some impact investing courses, certificates and programs being offered by post-secondary institutions, professional organizations and industry associations globally. For example, CFA UK offers a Certificate in Impact Investing, an offering for investment professionals to build and enhance their knowledge in impact investing. A similar certificate should be developed in Canada. Multiple global post-secondary institutions, including Columbia Business School, Saïd Business School and London School of Economics, provide executive education programs for impact investing. In Canada, the Institute for Sustainable Finance at Queen's Smith School of Business and the Richard Ivey Business School at University of Western Ontario offer executive education for the financial sector. Additionally, these resources can be leveraged to build partnerships and expand the offering to additional institutions and work with industry associations, foundations and professional bodies to expand access and reach.

Investors also have access to multiple impact investing industry bodies for resources on developing and implementing impact strategies. For example, investors may access the GIIN's public resources on topics such as Holistic Portfolio Construction with an Impact Lens, Guidance for Pursuing Impact in Listed Equities and Strategies for Engaging with Asset Managers for Impact. They can also access online courses like the Impact Measurement and Management for the SDGs by Duke University or refer to impact investment advisories for developing and implementing strategies and addressing challenges. Creating opportunities like these for new and existing investment professionals helps expand impact investing knowledge without having to address high barriers for entry.

Highlight

Impact as a Lens for Institutional Asset Owners

Institutional asset owners with long-term investment horizons are seeking ways to address future risk and uncertainty driven by challenges such as climate change and social inequality. In response, investors have been adopting impact as a lens into their investment strategies, acknowledging that environmental and social factors can affect portfolio value and broader beneficiary interests. Guidance from the GIIN outlines several steps for applying an impact lens, including defining areas for positive impact, assessing current portfolio holdings, and creating an impact theory of change to describe the investor's intended impact. As a result, investors are equipped to identify and manage both financial and impact returns across relevant asset classes across a portfolio, as shown in the figure below.



*Self identified specialist impact asset manager

Source: The Global Impact Investing Network (GIIN), 2023, Holistic portfolio construction with an impact lens

3.3
Near term: Provide direct training opportunities tailored to specific stakeholder groups and investment decision-makers

A significant obstacle hindering the adoption of impact investing is the misunderstanding of its principles and apprehension toward new investment strategies, particularly among decision-makers such as boards, investment teams, trustees and executives. These stakeholders often require introductory knowledge and concrete evidence of impact investing's effectiveness before fully embracing it. Overcoming this challenge entails developing tailored education programs to increase awareness among key decision-makers who may have misconceptions about impact investing, and provide them with the knowledge to begin implementing impact investing effectively (e.g. revising investment policies).

Learning from Examples

Climate Risk Education

The Canada Climate Law Initiative (CCLI), an organization providing businesses and regulators with climate governance guidance, offers tailored presentations to teach directors and trustees about considering, managing and disclosing climate risks. CCLI has also partnered with the Allard School of Law at the University of British Columbia to provide a Micro-Certificate Program for directors, officers, in-house and external legal counsel and governance professionals on Climate Risk & ESG for Corporate Governance and Decision-Making.

Sharing comprehensive data on track records, performance metrics, interpretations of fiduciary duty, and proven strategies to overcome barriers from existing impact investors can help build knowledge and encourage adoption. Industry associations can play a pivotal role by organizing webinars and thought leadership initiatives aimed at specific audiences, while consultants and intermediaries can create customized content positioning impact investing as the evolution of responsible investing and ESG policy. Collaboration with reputable third parties, such as the CFA Institute, Institute of Corporate Directors and leading business schools, can further enhance the quality and credibility of impact investing education, fostering broader adoption of impact investment practices within the industry.

3.4
Near term: Develop mechanisms for experimenting with impact investing

To increase the number of investors implementing impact investing in their portfolios, it is beneficial to develop mechanisms to experiment. As noted by one interviewee, all new investment strategies in their organization typically involve experimentation and gradual implementation. Therefore, providing investors with resources and mechanisms to experiment with impact investing without requiring significant investments upfront is essential.

For instance, one foundation interviewee established an impact investing committee separate from the traditional investing committee so that it could be dedicated to impact investing, build a strategy and gradually implement it. With board support, the committee was allocated a small percentage of the fund at first to experiment with impact investing, which gradually increased over time.

> "Pilot it. Test it. Experiment. We were able to demonstrate that impact investing looks a lot like investing."
>
> – Pension Fund Representative

In another case, a pension fund interviewee internally experimented with impact investing approaches by applying impact measurement and management frameworks to existing investments. This allowed them to assess the impact already being created and learn how to apply impact investing strategies moving forward. Such experimentation mechanisms enable investors to gain confidence and understanding of impact investing before making larger commitments, ultimately fostering greater internal support to increase allocation toward impact investing.

> "It's always good to start a new initiative with a small quantifiable amount so that the risk manager can say what our downside looks like."
>
> – Insurance Company Representative

3.5
Long term: Embed impact investing into the education and certifications of future generations of investment professionals

It will also be important to develop new education offerings and integrate impact investing into broader investment and finance-related programs. Although some impact investing courses and programs are available globally, there are few in Canada, particularly across business schools. To address this gap, schools should focus on developing specialized programs and certificates tailored to impact investing.

Learning from Examples

Turner MIINT

A collaboration between Bridges Impact Foundation and the ESG Initiative at the Wharton School, Turner MIINT is a competition for business and graduate school students to learn and apply impact investing education to real-world, early-stage impact investment opportunities throughout the due diligence and decision-making life cycle.

TURNER | MIINT

Furthermore, integrating impact investing education into professional designation curricula, such as the Chartered Professional Accountant (CPA) and Chartered Financial Analyst (CFA), would significantly broaden the reach and understanding of impact investing among both aspiring and established business and investment professionals. This would also contribute to building the skills needed for professionals to explore and implement impact practices within an organization.

4.
Collaborate – Move faster together through cooperation

Collaboration in the investment community is key to expanding the impact investing market further and addressing multiple barriers, notably the lack of awareness and knowledge and the lack of standardized impact measurement and management. This can be achieved through 1) pooling resources for collective due diligence and impact measurement, 2) supporting emerging fund managers in developing a track record and 3) empowering existing industry associations to increase collaboration and coordination.

4.1
Near term: Create mechanisms for shared due diligence and impact measurement and management capacity building

Not all investors have access to the same level of resources. This proves difficult when trying to implement impact investing due to its increased due diligence and impact measurement and management requirements. Through industry collaboration, like the Mission-Related Investor (MRI) Collaborative spearheaded by SVX, investors can co-develop tools, inputs and outputs to reduce the resource burden.

Learning from Examples

Mission-Related Investor (MRI) Collaborative

The MRI Collaborative is a community of Canadian private foundations that meets on a quarterly basis to review investment opportunities. SVX administers and facilitates the selection process for the presentation of opportunities, the quarterly convenings, and, when requested by the Collaborative, the due diligence of opportunities.

One example is the SDI Asset Owner Platform, a tool created by a collaboration among APG, AustralianSuper, British Columbia Investment Management Corporation and PGGM to identify and assess sustainable investments in the public markets against the United Nations Sustainable Development Goals.

> "Asset owners have a bit of a different DNA, in that we don't have to market. It's more of a cultural change. People are a little bit more happy to share."
>
> – Pension Fund Representative

4.2
Near term: Support emerging fund managers to establish and develop track records

To bolster emerging fund managers' ability to establish and enhance track records, several strategies can be implemented. Pooling investments, as outlined in Recommendation 2.1, can mitigate individual risk exposure and incentivize support for emerging managers. Moreover, sharing due diligence processes and capacity-building initiatives for impact measurement and management, as suggested in Recommendation 4.1, can enhance investors' confidence in the efficacy of emerging funds. Additionally, established and reputable entities such as investors and governmental organizations can play a crucial role by extending their backing to emerging fund managers through providing catalytic capital, government funding, subsidies or tax incentives, or investing in their funds or manager itself. As an example, Capricorn Investment Group established the Sustainable Investors Fund, which establishes partnerships and deploys catalytic capital into emerging asset management firms that are aiming to address climate change mitigation, financial inclusion and sustainable markets.

Learning from Examples

Sarona Asset Management Shared Services

Sarona Asset Management, an impact asset manager investing in private companies in emerging markets, has an offering to support fund managers in the impact investing space. Its Shared Services team intends to scale impact investing approaches and enable impact fund managers to focus on scaling their business, while it assists with various tasks, including establishing a theory of change, creating an impact analysis and thesis, designing an impact questionnaire, developing a reporting template and handling various accounting and legal responsibilities.

Learning from Examples

Venture Capital Catalyst Initiative (VCCI)

In 2021, the Government of Canada allocated new funding towards the VCCI to help grow the Canadian venture capital industry. Additionally, it introduced a new funding stream to support access to venture capital funding for traditionally underrepresented groups, particularly women and racialized communities. To help advance diversity, equity and inclusion in the Canadian venture capital ecosystem, the new funding stream allocated CAD 50 M for proposals enhancing access to venture capital for diverse fund managers and underrepresented Canadian entrepreneurs.

4.3
Near term: Empower existing impact investing industry associations to increase collaboration and coordination

Through discussions among investors, industry associations, and government bodies, stakeholders can collaborate on applying and agreeing to a common set of impact investing principles (Recommendation 1.1 pertaining to industry collaboration on the definition and principles) and share best practices. This avenue allows for investors to collectively dispel common misperceptions surrounding impact investing, such as concessionary financial returns and additionality requirements.

Industry collaborations are also effective in bringing together a group of voices to jointly advocate for an impact investing taxonomy (1.2 Impact Investing Taxonomy and Guidance) to enhance clarity and coherence within the ecosystem. Additionally, these discussions provide a platform to bring forward impact investing opportunities and explore possibilities for pooling investments (3.1 Pooling Impact Investments), amplifying the scale and effectiveness of impact initiatives.

Forums for these collaborations already exist in Canada through groups focused on, for example, responsible investing (RIA) and emerging markets (Canada Forum for Impact Investment and Development). There are also convenings led by groups like Finance Montreal to bring stakeholders together through events like its annual Sustainable Finance Summit in Montreal. Additionally, other avenues for potential collaboration and discussion on impact investing include associations created to bring together various Canadian investor groups – such as the Alternative Investment Management Association (AIMA), the Canadian Bond Investors' Association (CBIA), the Canadian Venture Capital Association (CVCA) and Réseau Capital – and Canadian members of the Institutional Limited Partners Association (ILPA) and the Investor Leadership Network (ILN). Through these collaborative efforts, the finance and investment industry can leverage its collective expertise and resources to drive positive social and environmental impact while delivering sustainable financial returns.

Learning from Examples

The Investor Leadership Network (ILN)

The ILN, a group aiming to boost collaboration for a sustainable global economy, brings together institutional investors to combine resources and expertise for initiatives on climate change, equity, diversity and inclusion, and private capital mobilization. In 2022, it published the ILN Net Zero Investor Playbook, a public tool for investors to understand and implement transition financing to help meet their decarbonization goals and seize the opportunities presented by the net-zero transition.

INVESTOR
LEADERSHIP
NETWORK

5.
Advocate – Demand policy and regulations that will incentivize capital deployment

Working with all levels of government is essential to address key barriers, particularly the unclear definition of impact investing and lack of awareness and knowledge and subsequently grow the impact investing market. This can be achieved through: 1) promoting impact investing alignment with fiduciary duty, 2) increased action from government and regulatory bodies and 3) government investing through catalytic capital (capital that accepts disproportionate risk and/or lower returns to generate positive impact and incentivize third-party and/or private sector investments; also referred to as concessional capital).

5.1
Near term: Promote impact investing's alignment with fiduciary duty to encourage regulators to pay attention

An important driver for large asset owners, particularly pension funds, is the needs and preferences of their beneficiaries. During our interviews, some asset owners stated they conducted surveys among their beneficiaries that indicated a preference for investments yielding positive social and environmental outcomes (e.g. climate change, affordable housing, labour rights), in addition to financial returns. This highlights the role of impact investing in meeting these expectations while continuing to achieve strong financial returns, both essential components of the asset owner's fiduciary duty.

Learning from Examples

Pensioenfonds Detailhandel

Dutch pension fund Pensioenfonds Detailhandel engaged beneficiaries to provide input on its responsible investing strategy, aligned its focus areas with beneficiary interests and asked 50,000 members for their views on the final strategy, focus areas and ESG policy.[1]

Pensioenfonds Detailhandel

Additionally, PRI's "A Legal Framework for Impact: Canada" confirmed that Canadian law permits and may even require investors to consider pursuing positive and sustainability impacts – or investing for sustainability impact – to achieve financial returns and protect financial value. It is imperative for Canadian asset owners, particularly pensions and insurance companies with long investment horizons, to actively share this message, demonstrating how impact investing is beneficial for achieving positive environmental and social outcomes and financial returns while meeting beneficiary expectations and preferences. By exemplifying initiatives such as climate finance and the energy transition, they can illustrate how impact investing not only serves societal well-being but also offers compelling investment prospects for future generations. Additionally, industry associations in Canada should leverage evidence from domestic and global asset owners to advocate for regulatory alignment with these principles, facilitating widespread adoption of impact investing practices.

Regulators can play a crucial role by actively engaging with investors on this matter and confirming that pursuing impact investing aligns with fiduciary duties for financial returns. This clarification would help alleviate concerns among investors regarding the compatibility of impact investing with their fiduciary obligations.

1. Eliciting Pension Beneficiaries' Sustainability Preferences: Why and How?

5.2
Near term: Develop government capacity to provide catalytic capital and blended finance opportunities

Collaboration with various levels of government and philanthropic foundations can facilitate the provision of catalytic capital to create blended finance (bringing together catalytic capital from governments and philanthropic funding with private sector investments to reduce risk and increase financial return) opportunities for impact investments. By partnering with these entities, governments can co-invest alongside private investors, thereby mitigating risk and enabling investors to pursue impact-oriented projects while still achieving their financial return objectives.

Currently, there exist multiple blended finance opportunities in emerging markets, such as those facilitated by Convergence and the federal government's International Assistance Innovation Program creating and investing in impact opportunities in various markets. Domestically, the federal Social Finance Fund provides funding opportunities to Canadian social purpose organizations through investment managers, with managers of the government's funds also being mandated to crowd-in private capital. These collaborative approaches not only reduce barriers to entry for investors but also amplify the overall impact of investments, ultimately driving the growth of the impact investing market in Canada.

5.3
Long term: Advocate for government and regulatory bodies to encourage impact investing by offering subsidies and tax incentives

Governments play a pivotal role in fostering growth in impact investing through various mechanisms. One approach involves the provision of subsidies and tax credits to entities involved in this sector, effectively incentivizing investments with positive social and environmental outcomes. For instance, the United Kingdom provides tax relief programs for impact investments through its Community Investment Tax Relief[1] and previously, the Social Investment Tax Relief[2]. In Canada, provincial and federal governments utilize tax credits to encourage investments in areas such as venture capital corporations (VCCs) in British Columbia, labour-sponsored funds in Québec and clean investments (including clean electricity, clean technology and clean hydrogen) at the federal level. These programs not only mitigate risk but also enhance financial returns for investors, thereby promoting investments that yield benefits for local and national economies.

Furthermore, providing preferred tax treatment for returns from impact investments, akin to the tax deductibility of charitable donations or tax-free savings accounts (TFSAs), can further incentivize impact investing. This approach encourages investors to allocate capital toward endeavors that generate positive societal and environmental impact while enjoying favorable tax treatment on returns.

> "Impact investing is an enormously appealing field for government. If it becomes muscular, it can alleviate a lot of the pressure on government."
>
> – Foundation Representative

Additionally, regulatory changes are essential to facilitate the marketing of impact funds to retail investors, particularly in venture capital, early-stage and private markets. Current requirements pose significant barriers, limiting the offering of products to listed equities, bonds and mutual funds. By streamlining regulations, governments can unlock access to impact investing opportunities for retail investors, fostering broader participation in this space.

As impact investments aim to generate positive environmental and social impacts, they can also reduce costs for governments that seek comparable outcomes through their social programs. Social impact bonds exemplify this approach: they entail agreements between governments or commissioners and social service providers – such as social enterprises or non-profits – alongside investors, pooling resources to fund targeted social outcomes. This setup allows investors to support social services while earning financial returns and governments to gain access to private investment resources while saving costs from their budgets.

1. Government of the United Kingdom: Community Investment Tax Relief
2. Government of the United Kingdom: Social Investment Tax Relief

Roadmap – Next Steps to Scale

Next Steps for Asset Owners

The solutions outlined above are intended to help asset owners progress on their journey to adopting impact investing, recognizing that asset owners are at different stages and may require different resources or support depending on their unique barriers and circumstances.

Impact-Hesitant

Skeptical of the merit and benefits of adopting impact investing as a relevant and viable investment strategy

Impact-Curious

Bought into the premise and objectives of impact investing, but still navigating approaches to pursuing it

Impact-Testing

Experimenting with impact investing practices and determing how to best apply its principles to meet objectives

Impact-Investing

Experienced impact investors actively implementing and promoting best practices, while actively enhancing their approaches

Key Next Steps

Clarify	Evolve	Calibrate	Promote
Consult with key stakeholders and thought leaders to confirm impact investing's alignment with fiduciary duty and beneficiary preferences, as well as to generate internal buy-in	Build new governance practices, investment committees and policies to embed impact into strategy while developing internal capacity and knowledge for implementation	Leverage industry expertise and advisors to right-size impact investing and impact management approaches to meet organizational mandates and objectives	Share successes, best practices, and strategies to overcome barriers to impact investing while advocating for industry wide collaboration to support market growth

Next Steps for Stakeholders

Helping asset owners move along their journey towards active impact investing will require effective collaboration and coordination among various stakeholders, including:

- Academics (e.g. post-secondary institutions, researchers)
- Experienced Impact Investors (per definition above)
- Financial Institutions (e.g. banks, credit unions)
- Government (e.g. municipal, provincial and federal governments, and regulatory bodies)
- Industry Associations (e.g. Responsible Investment Association, Canada Forum for Impact Investment and Development, Table of Impact Investment Practitioners)
- Intermediaries and Advisors (e.g. accountants, lawyers, management consultants, non-profit service providers)
- Outsourced Chief Investment Officers (OCIOs) and Investment Consultants (i.e. consult on portfolio construction and allocation, investment selection, risk management)
- Professional Associations (e.g. Chartered Professional Accountant, Chartered Financial Analyst)

The table on the next page outlines the key stakeholders responsible for implementing each of the recommended solutions to mobilize asset owner capital and scale impact investing in Canada.

Roadmap Activities by Key Stakeholder Group

Activity	Academics	Experienced Impact Investors	Financial Institutions	Government	Industry Associations	Intermediaries and Advisors	OCIOs and Investment Consultants	Professional Associations
1. Mainstream								
1.1 Near term: Create a campaign to highlight Canadian impact investing successes and mobilize conversation on dispelling myths and misperceptions		■			■	■		
1.2 Near term: Align on a minimum standard for applying impact investing principles		■			■	■		
1.3 Long term: Create an impact investing taxonomy and disclosure standard		■		■	■	■		
2. Develop Product								
2.1 Near term: Encourage the pooling of capital to create institutional-size impact investment opportunities		■	■	■	■	■	■	
2.2 Near term: Evaluate current impact investing product supply available to meet demand in the Canadian market	■	■		■	■	■	■	
2.3 Near term: Quantify asset owner demand for sustainable outcomes-focused and impact investing	■	■		■	■	■	■	
2.4 Long term: Develop capacity for financial institutions and others to create more retail products		■		■	■	■	■	
3. Accelerate Capacity Building								
3.1 Near term: Launch a public awareness campaign to empower beneficiaries to drive change through their investment managers	■	■			■	■		■
3.2 Near term: Expand access to impact investing education offerings and promote existing thought leadership	■	■			■	■		■
3.3 Near term: Provide direct training opportunities tailored to specific stakeholder groups and investment decision-makers		■			■	■	■	
3.4 Near term: Develop mechanisms for experimenting with impact investing	■	■			■	■		■
3.5 Long term: Embed impact investing into the education and certifications of future generations of investment professionals		■						

Roadmap Activities by Key Stakeholder Group

Activity	Academics	Experienced Impact Investors	Financial Institutions	Government	Industry Associations	Intermediaries and Advisors	OCIOs and Investment Consultants	Professional Associations
4. Collaborate								
4.1 Near term: Create mechanisms for shared due diligence and impact measurement capacity building		■			■	■	■	
4.2 Near term: Support emerging fund managers to establish and develop track records		■			■	■	■	
4.3 Near term: Empower existing impact investing industry associations to increase collaboration and coordination		■			■	■		
5. Advocate								
5.1 Near term: Promote impact investing's alignment with fiduciary duty to encourage regulators to pay attention		■		■	■	■		■
5.2 Near term: Develop government capacity to provide catalytic capital and blended finance opportunities		■		■	■	■		■
5.3 Long term: Advocate for government and regulatory bodies to encourage impact investing by offering subsidies and tax incentives		■		■	■	■		■

Conclusion

Canadian investors such as foundations, endowments, pension plans and insurance companies are already deploying billions of dollars through investing strategies that meet the definition for impact investing – intentionality, measurement and financial returns. Momentum is building, and impact investing is expected to continue to grow. Mobilizing more asset owner capital will be critical to accelerating the growth of the market and ensuring that significant capital is being deployed to intentionally and measurably improve improve outcomes for people and the planet.

There is growing consensus that the financial sector in Canada should, can and will mobilize around impact investing to bring new investors into the market. Impact investing practitioners are confident that barriers to engage in the market can be overcome by promoting bold leadership, educating and raising awareness, building investment team capacity and skills, generating new impact products, supporting emerging managers and advocating for new policy.

Growing the impact investing market in Canada will be accelerated if we can agree on how to apply the principles of impact investing and if we work together to empower all investors along their journeys in using capital to intentionally drive financial returns and measurable, positive outcomes regardless of what they label it when they do.

A Call to Action

As capital stewards and allocators, we must leverage every tool at our disposal to address the systemic issues threatening the viability of our economic systems. and sustainability of our world. Allocating capital towards investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return has now been established as an effective strategy to do so. It is in our collective best interests to double down on impact investing and work collaboratively to overcome the barriers that are preventing its growth. We call on asset owners, asset managers, policymakers, governmental decision-makers as well as educational institutions, industry associations and the financial sector as a whole to take ownership of these recommendations and collaborate to implement them, as we believe it will help unlock the potential, scale the impact investing market to create a more sustainable, healthy, just and prosperous world for all.

Detailed Common Drivers and Barriers

Common Drivers

Driver	Explanation
Address systemic issues	• Address underlying problems or challenges engrained in local environmental, social or economic systems (e.g. social inequality, healthcare, climate change)
Leadership and values	• An organization's leadership (i.e. board of directors, senior management) buys into the impact investing premise and mandates or advocates for investing for positive environmental and social outcomes
Organizational culture	• Shared values, behaviors and pressure within an organization that influence its investment approach (e.g. employee demand)
Public influence	• Societal attitudes, preferences and pressure on an investor's portfolio and decision-making (e.g. public pressure campaigns)
Responsible investing strategies/mandates	• Meet the processes, goals or targets set out in an investor's responsible investing strategy or mandate (e.g. target allocations for responsible investing)
Stakeholder preferences	• Desires, priorities, and expectations of various stakeholders – such as clients/ customers, beneficiaries, existing and potential employees, communities, and regulators – regarding an investor's portfolio and corresponding impact on environmental and social matters
Thematic allocation	• Allocation of capital towards specific themes or areas of focus that align with the organization's environmental or social goals (e.g. housing, economic development, food security)

Common Barriers

Barrier	Explanation
Access to qualified advisors	• Lack of specialized external expertise and guidance to understand and apply the principles of impact investing, conduct thorough due diligence or adopt impact measurement and management frameworks
Availability of impact products	• Limited availability of diverse impact investing opportunities that meet investor and beneficiary preferences
Awareness and knowledge	• Unfamiliarity with the concept, objectives, and potential benefits of impact investing, leading to hesitation or reluctance • Limited understanding of available impact investing opportunities
Clarity on standardized impact measurement and management	• Multiple impact measurement and management frameworks – confusion for some investors regarding which to adopt
Fit with current investment mandate and appropriate investment size	• Priority toward traditional financial metrics over environmental or social impact metrics • Impact investing opportunities differing from investor's typical investments (e.g. different asset class, low investment amount)
Investment team capabilities	• Lack of or limited internal expertise, skills and experience to identify, assess and execute impact investment opportunities, including due diligence and impact measurement and management
Limited impact products with long-term performance record	• Relatively new or recent impact investing products with a limited track record seen as higher risk to investors
Manager due diligence requirements	• Additional complexity involved in assessing impact metrics alongside traditional financial metrics • Limited time and resources to conduct comprehensive impact due diligence and maintain ongoing measurement efforts
Preconceptions and myths	• Limited knowledge on impact investing – belief that it requires conceding financial returns, is contradictory to fiduciary duty or requires additionality

Interview Participants

Allison Nankivell, formerly Senior Vice President, Fund Investments, Business Development Bank of Canada
Raymond Aoki, Treasurer, University of Victoria
Bernard N'dour, Chief Executive Officer, CapFinance
Brian Minns, Senior Managing Director, Responsible Investing, University Pension Plan
Chad Park, Vice-President, Sustainability and Citizenship, Co-operators Group
Delia Cristea, Partner and General Counsel, Power Sustainable
Edmund Piro, Chief Investment Officer, McConnell Foundation
Flavie Desgagné-Éthier, Director, Climate Change Programs, Trottier Foundation
François Crémet, Senior Director, Sustainable Investing, Caisse de dépôt et placement du Québec
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Leah Nguyen, Chief Investment Officer, InBC Investment Corp.
Matthew Seddon, Director, Global Government Affairs and Public Policy, Sun Life
Natacha Zenie, Chief Executive Officer and Chief Investment Officer, Eclipx Family Office
Olivier Gamache, President, Fondation François Bourgeois
Patrice Boucher, Vice President, Investments, Lucie and André Chagnon Foundation
Patrick Hergt, Partner, Head of Business Development, Sarona Asset Management
Réjean Nguyen, Director, Impact Investing and ESG Integration, Addenda Capital
Robert Sturgeon, Managing Director, Global Investment Strategy, Ontario Teachers' Pension Plan
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