

GPIF Commissioned Research on Impact Investing

Full Report

March 2026

Nissay Asset Management Corporation



*Note: This document is an English translation of the original Japanese version.
In the event of any discrepancy, the Japanese version shall prevail.*

Contents

1. Research Background, Objectives, and Methodology	3
1.1 Background and Objectives of This Research	3
1.2 Research Methodology	4
1.3 Implementation Structure	4
2. Concept of Impact Investing and Related Activities	5
2.1 Concept of Impact	5
2.2 Concept of Impact Investing	10
2.3 Relationship with Related Concepts	13
2.4 Examples of Impact Investing Classifications	30
2.5 Investor Contribution	40
2.6 Literature Review on Investment Returns in Impact Investing	46
3. Market, Industry Organizations, and International Policies and Regulations	55
3.1 Impact Investing Market Size and Trends	55
3.2 Key Industry Organizations and Networks	66
3.3 Impact Investing Policies and Regulations in Selected Countries	90
4. Case Studies of Overseas Impact Funds	113
4.1 Selection of Survey Targets and Survey Items	113
4.2 Survey Results: Overview	114
5. Case Studies of Overseas Pension Funds	117
5.1 Selection of Survey Targets and Interviews	117
5.2 Current Initiatives of Overseas Pension Funds	121
6. Concluding Remarks	140

Note: Chapter 4 contains information on individual funds, and such information has been omitted.

1. Research Background, Objectives, and Methodology

1.1 Background and Objectives of This Research

The Government Pension Investment Fund (GPIF) states in its “5th Medium-Term Plan” and the document “Initiatives for Sustainability Investment” (March 31, 2025) that it will pursue new directions in investment. Specifically, it states that “from the perspective of securing long-term returns for the benefit of insureds while ensuring market average returns, GPIF will consider making investments by incorporating the social and environment effects (impact) of investee companies’ business activities as a non-financial factor when evaluating the potential for sustainable growth of investee companies, and will undertake the necessary initiatives.” In addition, in the “FY2025 Plan” and related documents, GPIF indicates that it will “examine target asset classes and investment approaches” with respect to investments that consider impact.

Against this background, this research aims to support GPIF’s detailed examination and focuses primarily on the following five areas:

- Concepts of impact investing and other related activities (Chapter 2)
- Market trends and industry organization developments related to impact investing (Chapter 3)
- International policy and regulatory trends regarding impact investing (Chapter 3)
- Case studies of overseas impact funds (Chapter 4)
- Case studies of impact investing and other related initiatives by overseas pension funds (Chapter 5)

The share of impact investing within total sustainable investment assets in Japan is considered to remain small as of the time of this research. However, some reports indicate that the recent growth rate of assets under management (AUM) in impact investing has significantly exceeded that of sustainable investment overall¹.

¹ According to a survey conducted by the Japan Sustainable Investment Forum (JSIF), the total amount of sustainable investment assets in Japan reached JPY 626 trillion in 2024, representing a year-on-year increase of 16.6%. Meanwhile, according to a survey by GSG Impact JAPAN National Partner, the total amount of impact investing assets in Japan reached JPY 17.3 trillion in 2024, representing a year-on-year increase of 149.9%.

Through clarifying the current state of impact investing, which has been attracting increasing attention worldwide, this research is expected to contribute to the further advancement and diversification of GPIF's investment management.

1.2 Research Methodology

This research was conducted primarily through a literature review.

However, as existing literature was limited when examining case studies of impact investing and other related initiatives by overseas pension funds (Chapter 5), interviews with overseas pension funds were conducted in order to directly obtain primary information.

1.3 Implementation Structure

This research was commissioned to Nissay Asset Management Corporation and was conducted by its Sustainable Investment Department.

However, part of the research work—primarily covering the examination of industry organization developments related to impact investing and international policy and regulatory trends (Chapter 3), case studies of overseas impact funds (Chapter 4), and case studies of impact investing initiatives and other related initiatives by overseas pension funds (Chapter 5)—was subcontracted to The Japan Research Institute, Limited. The research was conducted with the participation of its Center for the Strategy of Emergence.

2. Concept of Impact Investing and Related Activities

This chapter explains various terms related to impact investing and the underlying concepts.

First, Section 2.1 reviews the concept of “impact” in the context of impact investing. Sections 2.2 and 2.3 then examine the concept of impact investing and its relationship with other related investment concepts.

Section 2.4 presents representative classifications of impact areas in impact investing, while Section 2.5 discusses investor contribution, which is considered a key element of impact investing. Finally, Section 2.6 reviews academic literature on the investment returns of impact investing.

2.1 Concept of Impact

2.1.1 Definition of Impact by the Impact Management Project (IMP)

Impact does not necessarily have a universally agreed definition in the context of impact investing². However, the definition provided by the Impact Management Project (IMP)³—now Impact Frontiers—(Figure 2-1) is relatively well known among practitioners engaged in impact investing.

² Seki, M. & Tsukamoto, I. (2020) *Impact Evaluation and Social Innovation: How to Visualize the Outcomes of Social Enterprises in the SDG Era*, Daiichi Hoki (in Japanese), note that the concept of impact can be interpreted in various ways. They broadly classify these interpretations into two approaches: one that focuses on outcomes that would not have occurred in the absence of an intervention—namely, effects attributable to the intervention—and another that focuses on longer-term effects and broader spillover effects on society. In light of this framework, the definition provided by the IMP can be positioned as an approach that focuses on the effects of an intervention.

³ The IMP was an initiative that operated from 2016 to 2021 to build global consensus on the measurement, management, and reporting of impact. The outputs developed through this initiative are now maintained by Impact Frontiers.

Figure 2-1 Definition of Impact by IMP

- Impact is defined as a change in an outcome caused by an organization.
- An impact can be positive or negative, intended or unintended.
- An outcome is the level of well-being experienced by a group of people, or the condition of the natural environment.

Source: Adapted from Impact Frontiers (n.d.) “Impact Management Norms” <https://impactfrontiers.org/norms/> (last accessed January 30, 2026)

According to this definition, “impact” refers to a change in an outcome caused by an organization. Furthermore, “outcome” in this context is defined as the level of well-being experienced by a group of people or the condition of the natural environment. Accordingly, in the context of impact investing, “creating positive impact” refers to a situation in which a company or investor, through some form of intervention, brings about a change in the level of well-being⁴ experienced by a group of people or in the condition of the natural environment in a more desirable direction.

This concept is illustrated in Figure 2-2.

In this figure, the baseline is depicted as changing gradually. However, even in the absence of an organizational intervention, the level of outcomes—that is, the level of well-being experienced by people or the condition of the natural environment—may change along with broader changes in society. Impact, therefore, represents the “difference” between this potentially changing baseline and the level of outcomes after the intervention. Even if the baseline itself improves significantly, if the organizational intervention has no effect and the difference is zero, it means that no impact has been generated.

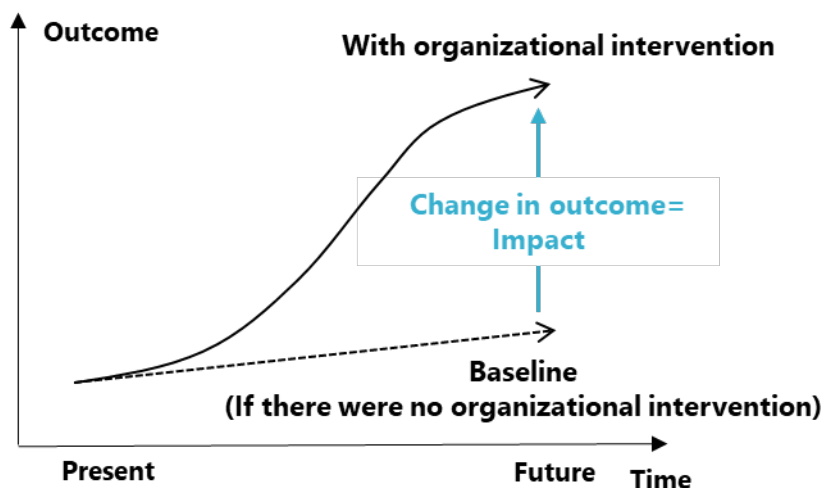
Whether the resulting impact is positive or negative is assessed by comparison with the baseline as the reference point. For example, environmental pollution resulting from factory operations generally evokes the idea of a negative impact; however, the evaluation ultimately depends on the chosen baseline. If, for instance, a certain level of pollution is already present and is taken as the baseline, efforts that reduce that level relative to the baseline could be regarded as creating a positive impact⁵. Conversely, if a state in which no

⁴ Various translations and definitions have been proposed for the term “well-being.” However, a widely recognized definition is that it “refers to a state of being in good physical, mental, and social condition,” which originates from the Constitution of the World Health Organization (WHO), adopted in 1946 (Well-being Society (2022) “Well-being Report Japan 2022” (in Japanese)). It should be noted that the IMP itself does not provide a specific definition of well-being.

⁵ For related discussion, see Sun, L. G. and Daniels, B. (2014) “Mirrored Externalities,” *Notre Dame Law Review*, 90(1), pp.135–186.

environmental pollution exists is taken as the baseline, the occurrence of any pollution would be evaluated as negative.

Figure 2-2 Conceptual Illustration of Impact Defined by IMP



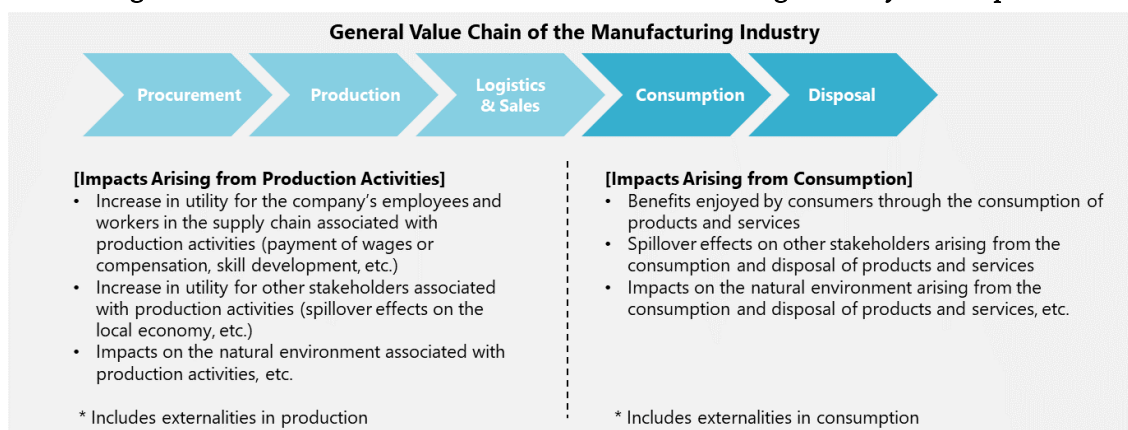
2.1.2 Corporate Value Chain and Impact

In the context of impact investing, the primary actors that generate impact are the companies in which investments are made⁶, and impact can arise from all aspects of corporate activities.

Figure 2-3 illustrates the general value chain of the manufacturing industry, representing the sequence from the procurement of raw materials for products and services to their disposal. Various impacts may arise at each stage—procurement, production, logistics and sales, consumption, and disposal.

⁶ In impact investing, investors are expected to contribute to the creation of impact through the companies in which they invest. Further details on investor contributions are discussed in Section 2.5.

Figure 2-3 General Value Chain of the Manufacturing Industry and Impact



Source: Hayashi, T. and Matsuyama, M. (2023) “Can impact creation and corporate value enhancement both be achieved?—Examination through a case study and an empirical analysis based on content analysis of corporate purpose—” Financial Services Agency, Financial Research Center Discussion Paper DP2023-3 (in Japanese)

Broadly, such impacts can be categorized into impacts arising from production activities and impacts arising from consumption⁷.

Regarding the former, for example, through the procurement of agricultural products as raw materials, companies may affect the livelihoods of producers of those agricultural products and their families. In addition, through production activities, companies affect the workers employed in those activities, and the operation of factories may also affect the surrounding natural environment. These are examples of impact arising from production activities.

Regarding the latter, for example, the consumption of healthcare or education services provided by companies may improve consumers’ health conditions or enhance their knowledge and skills. In addition, environmental burdens may arise at the stage when products are disposed of after use. These are examples of impact arising from consumption.

The concept of impact includes not only the direct effects of corporate interventions but also their spillover effects. There is a well-known Japanese proverb that “a wind blowing leads to profits for the bucket maker,” illustrating how indirect effects propagate. For example, when a company builds a new manufacturing facility, not only the employment generated at

⁷ Epstein, M.J. and Yuthas, K. (2014) *Measuring and Improving Social Impacts: A Guide for Nonprofits, Companies, and Impact Investors*, Berrett-Koehler Publishers, identifies three pathways through which organizations create impact: products and services, operations, and investments. The first two correspond to the concepts referred to in this report as impacts arising from consumption and impacts arising from production activities, respectively. Impact creation through investments is discussed in Section 2.5.

the facility but also various economic, social, and environmental spillover effects may arise in the surrounding region. Similarly, when people improve their knowledge and skills through education services provided by companies, these improvements may spread to others around them, and the new ideas and technological innovations that emerge may eventually benefit society as a whole. Such spillover effects—referred to in economics as externalities⁸—are also included in the concept of impact.

In this way, impact associated with corporate activities is not limited to effects on a company's direct stakeholders, such as consumers and workers. Rather, impact is a broad concept that also encompasses effects on related stakeholders beyond them, local communities, and the natural environment.

2.1.3 Broad and Narrow Concepts of Impact

Impact has been defined as changes in the level of people's well-being or in the state of the natural environment. However, particularly in practice, the term impact is often used to refer to contributions toward addressing specific environmental or social issues. If environmental problems are addressed, the state of the natural environment will improve; similarly, if social issues are addressed, the well-being of people facing those issues will improve. In this sense, contributions toward addressing specific environmental or social issues clearly constitute part of impact. However, as pointed out by Santos (2012)⁹, it is often difficult to draw an objective boundary regarding what should be regarded as a social issue.

For example, providing appropriate support to people living in poverty would widely be regarded as a contribution to addressing a social issue, whereas opinions may differ on whether solving the problems faced by wealthy individuals should also be considered a contribution to addressing a social issue. This is ultimately a matter of value judgment, and there is no single correct answer. Accordingly, among the many environmental and social issues that exist in society, which issues are considered environmentally or socially important depends on various factors, including the circumstances in which the evaluating actor is situated, as well as their values and perspectives (i.e., contextual or cultural factors).

In other words, understanding impact as changes in the level of people's well-being or in the state of the natural environment represents the broad concept of impact. In practice,

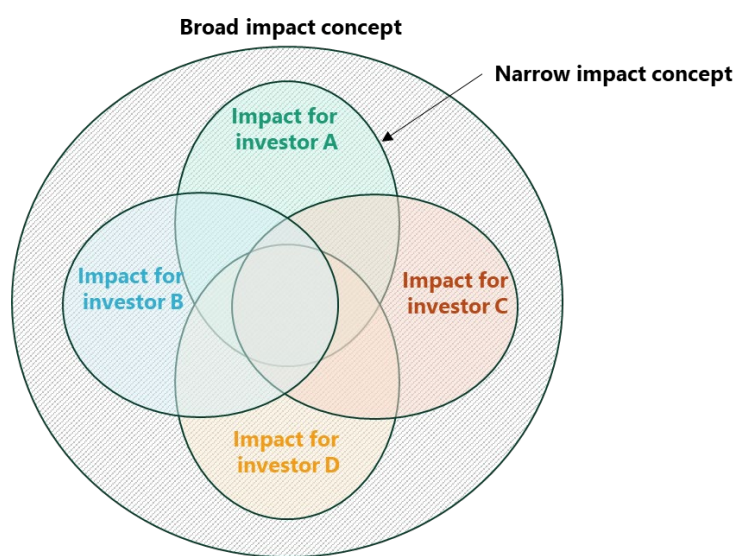
⁸ For further discussion of externalities, see, for example, Hubbard, R. G. and O'Brien, A. P. (2008) *Microeconomic*, Pearson Education

⁹ Santos, F.M. (2012) "A positive theory of social entrepreneurship" *Journal of Business Ethics*, 111(3), pp.335-351

however, many practitioners involved in impact investing operate with the intention of contributing to the resolution of specific environmental or social issues, based on their own perspectives and priorities (i.e., the narrow concept of impact).

The relationship between the broad and narrow concepts of impact is illustrated in Figure 2-4. It should be noted that the narrow concept of impact largely depends on the perspectives of individual actors, and therefore no single unified definition necessarily exists.

Figure 2-4 Broad and Narrow Concepts of Impact



2.2 Concept of Impact Investing

Next, the concept of impact investing is reviewed.

2.2.1 Definition of Impact Investing by the Global Impact Investing Network (GIIN)

The term “impact investing” is said to have been first used in 2007 at a conference hosted in Italy by the Rockefeller Foundation¹⁰. Subsequently, the Global Impact Investing Network (GIIN), established in 2009 under the leadership of the Rockefeller Foundation, has played a central role in promoting the concept of impact investing and developing the market.

¹⁰ The Rockefeller Foundation (n.d.) “Global Impact Investing Network (GIIN)” <https://www.rockefellerfoundation.org/bellagio-bulletin/from-the-archives/global-impact-investing-network-giin/> (last accessed January 30, 2026)

GIIN defines impact investing as investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return (Figure 2-5). In 2019, GIIN further published four core characteristics to complement this definition (Figure 2-5).

Figure 2-5 Definition and Core Characteristics of Impact Investing by GIIN

Definition of Impact investments	
Noun: Impact investments are investments made with the intention to generate positive, measurable social or environmental impact alongside a financial return.	
Core Characteristics	
Intentionality	Impact investing is marked by an intentional desire to contribute to measurable social and environmental benefits.
Use of evidence and impact data in investment design	Impact investing needs to use evidence and data where available to drive intelligent investment design.
Management of impact performance	Impact investing comes with a specific intention and necessitates that investments be managed towards that intention.
Contribution to the growth of the industry	Impact investors share learnings where possible to enable others to learn from their experience.

Source: Adapted from GIIN (2019) “Core Characteristics of Impact Investing”¹¹

In addition, GIIN presents the following items as examples of best practices in impact investing¹².

- Developing a theory of change to identify the path to reach social and environmental impact objectives
- Collaborating with relevant stakeholders to develop the theory of change and impact objectives
- Setting performance targets related to these objectives using standardized metrics
- Monitoring and managing the performance of investees against these targets
- Reporting on social and environmental performance to relevant stakeholders
- Optimizing future impact returns based on data and learnings from past investments

¹¹ A Japanese translation has been prepared and published by the Social Impact Management Initiative (SIMI) (<https://simi.or.jp/grc/core-characteristics-of-impact-investing/>).

¹² GIIN (2025) “What you need to know about impact investing” <https://thegiin.org/publication/post/about-impact-investing/> (last accessed March 3, 2026)

Furthermore, in 2023, GIIN published additional guidance on pursuing impact in listed equity investing. This guidance was developed by the Listed Equities Working Group established within GIIN. Building on the four core characteristics described above, the guidance clarifies the key practices expected in listed equity impact investing.

Figure 2-6 Basic Expectations for Impact Investing in Listed Equities by GIIN

Concept	Basic Expectations
CONCEPT #1: SETTING FUND OR PORTFOLIO STRATEGY	<ul style="list-style-type: none"> The fund’s or portfolio’s prospectus (or similar, required document per jurisdiction) states the intended real-world impact of the investment strategy. This is supported by a problem statement and a theory of change, articulated in internal documentation, that includes a description of how the fund or portfolio will contribute to accelerating the targeted impacts of its portfolio companies.
CONCEPT #2: PORTFOLIO DESIGN & SELECTION	<ul style="list-style-type: none"> The fund or portfolio defines an investment universe, an approach to diversification, and a number of holdings that are aligned to the specific, real-world impacts targeted by the strategy The business models and core activities of each company held in the portfolio should be directly relevant to the fund’s impact strategy and investment thesis and should represent a material part of the company’s business, particularly for companies that are large or diversified in their scope of business. In addition, the fund manager should define how a holding is expected to contribute to the changes targeted by their impact strategy. The fund actively manages average holding periods of equities within the portfolio in a manner that contributes to the fund’s ability to achieve its stated impact goals.
CONCEPT #3: ENGAGEMENT	<ul style="list-style-type: none"> The engagement priorities are developed based on the fund’s or portfolio’s theory of change, and focus on actions that can accelerate the company’s contributions to the impact objectives of the fund. The effectiveness of engagement is measured in relation to progress towards changes or improvements that contribute to the outcomes that the fund or portfolio investment strategy seeks to deliver. The progress towards achieving the goals of engagement processes is an important consideration in choosing the timing of exits. The fund or portfolio should be guided by an internal policy framework defining milestones and criteria for escalation and for exiting.
CONCEPT #4: USE OF PERFORMANCE DATA	<ul style="list-style-type: none"> The fund or portfolio applies techniques to evaluate impact performance beyond relative measures of peer performance, and considers whether activities and outputs of companies are contributing to real-world changes consistent with the fund’s goals and theory of change.

Source: Adapted from GIIN (2023) “Guidance for Pursuing Impact in Listed Equities”¹³

¹³ A Japanese abridged translation has been prepared and published by the Social Impact Management Initiative (SIMI) (<https://simi.or.jp/grc/guidance-for-pursuing-impact-in-listed-equities/>).

2.2.2 Basic Elements of Impact Investing by the Financial Services Agency, Japan

In relation to the definition of impact investing, in Japan the Financial Services Agency (JFSA) formulated and published the “Basic Guidelines on Impact Investing (Impact Finance)” in 2024. The guidelines present four basic elements expected of impact investing (Figure 2-7).

Although these elements do not establish formal criteria or requirements for determining whether an investment qualifies as impact investing, some market participants in Japan regard them as de facto standards or requirements.

The guidelines state that they were developed to be generally consistent with international discussions and guidance on impact investing. However, compared with the core characteristics of impact investing presented by GIIN (Figure 2-5), some market participants view the JFSA concept as narrower. This perception arises from the stronger emphasis on investor contribution (Basic Element 2) and on support for innovation, transformation, and acceleration (Basic Element 4) in the guideline.

Figure 2-7 Basic Elements Expected for Impact Investing

Basic element 1	Intention: Intended "social or environmental impact" is clarified
Basic element 2	Contribution: investment contributes to realizing impact
Basic element 3	Identification / measurement / management: identifying, measuring and managing impact
Basic element 4	Innovation / transformation / acceleration: support transforming or accelerating transformations in markets and customers

Source: Adapted from JFSA (2024) “Basic Guidelines on Impact Investment (Impact Finance)”

2.3 Relationship with Related Concepts

From this point onward, building on the definition of impact investing presented by the GIIN and the guideline adopted by the JFSA, this research examines the relationship between impact investing and each of the related concepts.

Specifically, it first confirms that impact investing can be positioned as one of the approaches within sustainable investment (i.e., ESG investment or responsible investment) (Section 2.3.1). It then outlines the following concepts, which have gained significant attention in recent years (Sections 2.3.2, 2.3.3, and 2.3.4), and subsequently clarifies their relationship with impact investing (Section 2.3.5).

- Investing for Sustainability Impact (IFSI)
- Universal ownership theory and beta activism
- Systems thinking-based investing (i.e., system-level investing, investing for systems change, and systemic investing)

In addition, with regard to “intent,” which is identified as a core characteristic of impact investing in the GIIN framework and in the JFSA’s basic guidelines, the report also analyzes the relationship between the intent of asset owners and those of asset managers within the investment chain (Section 2.3.6).

2.3.1 Sustainable Investment (ESG Investment / Responsible Investment)

First, the relationship between impact investing and sustainable investment is clarified.

In 2023, the CFA (Chartered Financial Analyst) Institute, Global Sustainable Investment Alliance (GSIA), and the Principles for Responsible Investment (PRI) jointly published guidance aimed at improving the consistency of terminology related to sustainable investment. According to this guidance, impact investing is positioned as one of the approaches within sustainable investment, and the definition of impact investing adopted in the guidance is based on the definition developed by the GIIN (Figure 2-8).

Similarly, the JFSA positions impact investing (impact finance) as one component within the broader concept of sustainable finance¹⁴.

The GPIF also states in its Sustainability Investment Policy dated March 31, 2025, that sustainability investment encompasses investment that consider ESG factors and impact¹⁵.

It should be noted that the guidance issued by the CFA Institute and others uses the term “responsible investment” rather than “sustainable investment.” However, among the organizations that co-authored the guidance, these terms are generally used to refer to largely the same concept. Specifically, PRI primarily uses the term responsible investment, while GSIA uses the term sustainable investment. In addition, responsible investment and

¹⁴ For example, JFSA (2024) “Basic Guidelines on Impact Investment (Impact Finance)” states that “promoting impact investment widely as one of the areas of sustainable finance could carry profound implications, as it may contribute to solving social or environmental issues and improving business viability through investment, then strengthening the foundation and sustainability of our societies and economies”.

¹⁵ GPIF (2025) “GPIF’s Initiatives for Sustainability Investment”

sustainable investment are sometimes referred to as ESG investment¹⁶. Based on these considerations, this research treats the three terms—sustainable investment, responsible investment, and ESG investment—as interchangeable. In principle, the term sustainable investment is used throughout this report for consistency¹⁷.

Figure 2-8 Definitions of Sustainable Investment Approaches by the CFA Institute, GSIA, and PRI

Approach	Definition
Screening	Applying rules based on defined criteria that determine whether an investment is permissible.
ESG integration	Ongoing consideration of ESG factors within an investment analysis and decision-making process with the aim to improve risk-adjusted returns.
Thematic investing	Selecting assets to access specified trends.
Stewardship	The use of investor rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social, and environmental assets on which their interests depend.
Impact investing	Investing with the intention to generate positive, measurable social and/or environmental impact alongside a financial return.

Note: Although the term “responsible investment” is used in the original source, it is referred to as “sustainable investment” here.

Source: Adapted from CFA Institute, GSIA & PRI (2023) “Definitions for Responsible Investment Approaches”¹⁸

¹⁶ For example, as a case in which “sustainable investment” is referred to as “ESG investment,” Nikkei Inc. reported in the article titled “ESG Investment Declines for the First Time in 2022 amid Poor Performance and Tightened Standards” (November 29, 2023) <https://www.nikkei.com/article/DGXZQOUB2843V0Y3A121C2000000/>. Similarly, as a case in which “responsible investment” is referred to as “ESG investment,” the same newspaper published an editorial titled “[Editorial] Promoting Balanced and High-Quality ESG Investment” (October 6, 2023) <https://www.nikkei.com/article/DGXZQODK228UU0S3A920C2000000/>.

¹⁷ It should be noted that some stakeholders involved in impact investing argue that ESG investment and impact investing are separate and distinct concepts; however, this research considers impact investing to be a subset of ESG investment (i.e., sustainable investment).

¹⁸ A Japanese translation has been prepared and published by the Japan Sustainable Investment Forum (JSIF) (<https://japansif.com/wp-content/uploads/2024/08/Definitions-for-Responsible-Investment-Approaches.pdf>).

Figure 2-9 General / Sustainable / Impact Investing



Source: Adapted from CFA Institute, GSIA & PRI (2023) “Definitions for Responsible Investment Approaches”

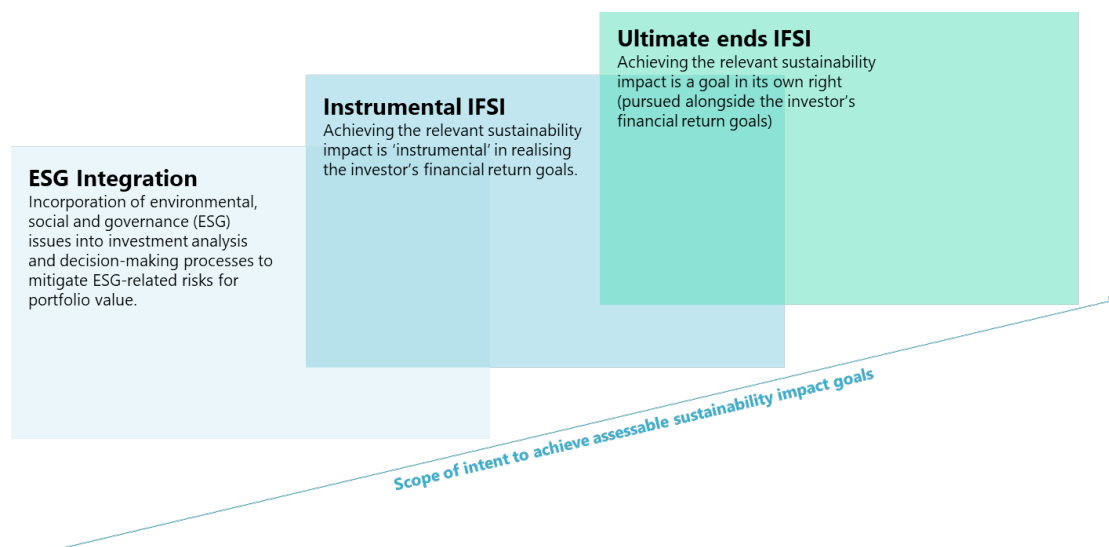
2.3.2 Investing for Sustainability Impact (IFSI)

In 2021, the PRI, in collaboration with the United Nations Environment Programme Finance Initiative (UNEP-FI) and the Generation Foundation, and supported by the law firm Freshfields Bruckhaus Deringer, published the report “A Legal Framework for Impact,” in which it newly proposed the concept of Investing for Sustainability Impact (IFSI).

A key feature of this discussion is the distinction between two types of IFSI based on the nature of investors’ intent regarding impact generation: “ultimate ends IFSI” and “instrumental IFSI.” Specifically, under ultimate ends IFSI, generating impact itself is the ultimate objective of the investment (although it may be pursued alongside achieving investment returns), whereas under instrumental IFSI, impact generation is positioned as a means to achieve investment returns.

This framework highlights the distinction between two types of investor intent—“ultimate ends intent” and “instrumental intent”—exist with respect to impact generation, as discussed in the core characteristics of impact investing presented by GIIN (Figure 2-5) and in the Basic Guidelines issued by the JFSA (Figure 2-7).

Figure 2-10 Ultimate Ends IFSI and Instrumental IFSI



Source: Adapted from PRI (2021) "A Legal Framework for Impact: sustainability impact in investor decision-making"

2.3.3 Universal Ownership Theory and Beta Activism

In recent years, the relationship with Universal Ownership Theory has been highlighted as one of the rationales for asset owners to engage in impact investing¹⁹. Universal Ownership Theory explains how a distinctive pattern of investor behavior emerges among investors who are in the particular position of being "universal owners." These investors are broadly diversified across the entire market, and this structural position is understood to induce specific forms of investor behavior (Figure 2-11).

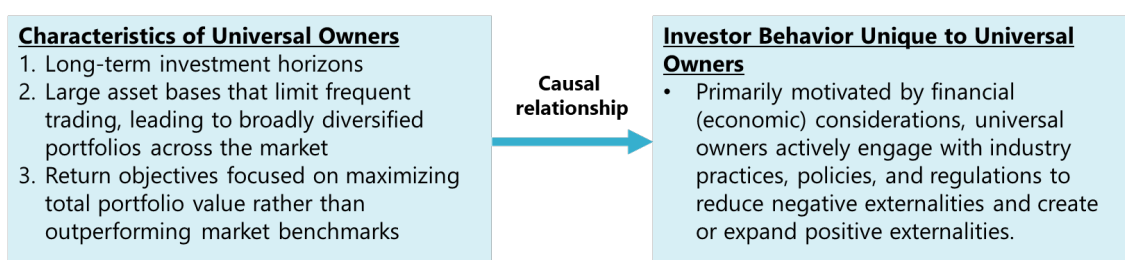
The proposal of Universal Ownership Theory predates the formation of the impact investing market. The term "universal owner," together with the distinctive investor behavior associated with it, was first introduced in the 1996 book *Watching the Watchers: Corporate Governance for the 21st Century* by Robert A. G. Monks²⁰ and Nell Minow.

¹⁹ For example, Gosling, T. (2025) "Universal Owners and Climate Change" *Journal of Financial Regulation*, 11(1), 1-40, and Gosling, T. (2024) "A Fiduciary Argument for Impact Investing?" <https://www.tom-gosling.com/blog/a-fiduciary-argument-for-impact-investing> (last accessed January 30, 2026).

²⁰ He served as Administrator of the Pension and Welfare Benefits Administration at the U.S. Department of Labor and, after leaving that position, was involved in the establishment of the proxy advisory firm ISS.

The concept was subsequently developed into a theoretical framework²¹. through a series of studies by James P. Hawley (then Professor at Saint Mary’s College of California) and Andrew T. Williams²², systematizing Universal Ownership Theory through an inductive approach.

Figure 2-11 Overview of Universal Ownership Theory



For example, the GPIF notes that “even if some portfolio companies are able to boost their share price by pursuing temporary profits at the expense of the environment and society, this could potentially have a devastating effect on the overall portfolio of a universal owner if other companies, the overall economy and society as a whole are negatively impacted”. On this basis, GPIF states that “the concept of ‘universal ownership’—that is, proactively taking steps to limit the negative externalities of sustainability issues, including environmental and social issues, on the capital market—lies at the core of GPIF’s sustainability investment activities”²³.

Today, many asset owners with extremely large assets under management, such as public pension funds and insurance companies, identify themselves as universal owners. At the same time, Universal Ownership Theory has been used by such asset owners as a rationale

²¹ Hayashi, T. (2017) “Development and Issues of Universal Ownership Theory” in *A New Roadmap for the Governance Revolution*, edited by Kitagawa, T. Toyo Keizai Inc., pp.215–240 (in Japanese).

²² Hawley, J. P. & Williams, A. T. (1997) “The Emergence of Fiduciary Capitalism” *Corporate Governance: An International Review*, 5(4), pp.206-213, Hawley, J. P. & Williams, A. T. (2000a) *The Rise of Fiduciary Capitalism: How Institutional Investors Can Make Corporate America More Democratic*, Philadelphia: University of Pennsylvania Press, Hawley, J. P. & Williams, A. T. (2000b) “The Emergence of Universal Owners: Some Implications of Institutional Equity Ownership” *Challenge*, 43(4), pp.43-61, Hawley, J. P. & Williams, A. T. (2002) “The Universal Owner’s Role in Sustainable Economic Development” *Corporate Environmental Strategy*, 9(3), pp.284-291, Hawley, J. P. & Williams, A. T. (2007) “Universal Owners: Challenges and Opportunities” *Corporate Governance: An International Review*, 15(3), pp.415-420, among others.

²³ GPIF (2025) “Explanation of Investment Principles”

for actively addressing environmental and social issues in order to maintain and enhance the value of their overall portfolios.

However, at least at present, the primary focus of initiatives undertaken by asset owners identifying themselves as universal owners has been the reduction of so-called negative externalities, including environmental problems such as climate change and social issues such as poverty and inequality. However, returning to the core logic of Universal Ownership Theory itself, the creation and expansion of positive externalities may also be important from the perspective of enhancing the value of a universal owner's overall portfolio. Examples include mitigating climate change through the widespread adoption of renewable energy and energy-efficiency technologies, improving labor productivity through preventive healthcare and better workplace environments, and accumulating human capital through education and re-skilling.

More recently, the term “beta activism” has been proposed to describe the actions that universal owners should take. The concept became widely known through the book *Moving Beyond Modern Portfolio Theory: Investing That Matters* by Jon Lukomnik and James P. Hawley.

According to the book, beta activism refers to efforts aimed at reducing systemic risk²⁴ by encouraging solutions or improvements to underlying issues such as climate change and social inequality. The authors note that some investors have already begun to implement such approaches in practice.

Furthermore, the book introduces ten advanced techniques for system-level investing proposed by TIIP (Figure 2-14), discussed later in Section 2.3.4, as concrete approaches to beta activism. In this context, the term beta activism and the concept of system-level investing, discussed later, are used in largely the same sense.

2.3.4 Systems Thinking–Based Investing

In recent years, increasing attention has been paid to the concept of systems thinking when considering impact in investment. In light of this, this section outlines three concepts related

²⁴ In the book by Jon Lukomnik and James P. Hawley, there are some references not only to systemic risk but also to systematic risk. However, in this research, the risks that investors should address are interpreted as systemic risk.

to systems thinking-based investing—“system-Level Investing”, “investing for systems change”, and “systemic investing”—and examines the relationships among them²⁵.

Systems thinking, in this context, refers to an approach that views issues not as separate elements but as an interconnected whole (a system), and seeks to achieve fundamental solutions by understanding the structure and dynamics of that system.

The origins of systems thinking date back to the 1950s. Jay Forrester at the Massachusetts Institute of Technology developed system dynamics (or system dynamic modeling) as a method for primarily quantitative analysis of systems. By clarifying the interactions among elements within a system and the feedback loops²⁶, this approach aims to help understand the behavior of complex systems, identify how they change over time, and reveal the underlying structural factors (root causes) behind the issues to be addressed.

In relation to system dynamics, widely known works include *The Fifth Discipline: The Art & Practice of The Learning Organization* by Peter Senge, which applied and popularized these ideas in the fields of organizational theory and management, and *Thinking in Systems* by Donella Meadows, which organized and systematized the concept of leverage points—intervention points that can bring about significant changes in an entire system.

System-Level Investing by The Investment Integration Project (TIIP)

TIIP (The Investment Integration Project), a U.S.-based nonprofit organization established in 2015 by Steve Lydenberg and William Burckart, advocates system-level investing.

TIIP positions system-level investing as an advanced form of sustainable investment (Figure 2-12). While sustainable investment focuses on ESG factors at the level of individual

²⁵ In preparing this research report, reference was also made to a presentation video by Takeshi Kimura delivered at a study session hosted by the Japan Impact-Driven Finance Initiative, held on July 4, 2025 (<https://www.youtube.com/watch?v=dCQH6GkaWzQ>, in Japanese)

²⁶ There are two types of feedback loops: reinforcing loops and balancing loops. A reinforcing feedback loop is a structure in which the outcome of a change generates further change in the same direction, meaning that even a small initial change can be amplified over time. For example, improved customer satisfaction may lead to increased sales, which in turn enables greater investment in service improvements, further enhancing customer satisfaction and creating a virtuous cycle. Conversely, a decline in quality or an increase in customer dissatisfaction may lead to declining sales, prompting cost-cutting that lowers service levels and results in further customer attrition, creating a vicious cycle. In contrast, a balancing feedback loop is a structure that acts to counteract change and return the system to a target state; for example, in an air-conditioning system, cooling operates when the room temperature rises and heating operates when it falls, thereby maintaining the temperature around a desired level.

companies and seeks to encourage improvements through engagement where necessary, system-level investing views the broader socio-economic system in which companies operate—along with the planetary environment that underpins it—as a whole system. By promoting positive impacts on this system and reducing negative impacts, system-level investing aims to maintain and enhance long-term investment returns.

In recent years, PRI has also been promoting system-level investing as advocated by TIIP, and in 2025 it published a guide for investors titled “Addressing System-Level Risks and Opportunities: A Guide for Investors.”

Figure 2-12 Comparison of Conventional, Sustainable and System-Level Investing by TIIP

Conventional Investing	<ul style="list-style-type: none"> • Do not consider ESG factors as relevant and material in their security valuation, and view such factors as political or subject to other conflicts of interest • Primary goal is to maximize returns in as short a time as possible without consideration of such factors
Sustainable investing	<ul style="list-style-type: none"> • Consider ESG factors as potentially relevant and material in security selection and portfolio risk management • Seek to understand and, when appropriate, improve the ESG performance of specific investments regarding their market value (e.g., via proxy voting and engagement with individual companies on financially material ESG issues) • Primary goal is to allocate assets to strong ESG performers while maximizing returns in as short a time as possible
System-level investing	<ul style="list-style-type: none"> • Intentionally manage the risks and rewards of the social, financial, and environmental systems that provide a stable, resilient foundation for investments across all asset classes, and their impact on these systems • Use a range of techniques to manage these risks and rewards, set explicit goals for their impact on systems, and measure their progress toward those goals • Seek to preserve and enhance foundational social, financial, and environmental systems in the long term while nevertheless achieving competitive returns in the short term

Source: Adapted from TIIP (2022) “Approaching the Tipping Point: Recommendations for Building the Marketplace for System-Level Investing”

TIIP has identified ten advanced techniques for system-level investing, in addition to practices within conventional investment techniques.

Figure 2-13 Conventional Investment Techniques Used by System-Level Investors

Statements of investment beliefs	System-level investors explicitly assert their commitment to contributing to the health of social, environmental, and financial systems that pose threats to, or offer opportunities for, their investments across all asset classes.
Security selection & portfolio construction	Beyond incorporating Environmental, Social, and Governance (ESG) considerations into their investment analyses, system-related investors may also set standards or minimum thresholds for social and environmental conduct for whole industries.
Engagement	System-level investors engage with entire industries – not just individual corporations or firms – on the financial implications of systemic social and environmental risks and toward the goal of influencing underlying systems.
Manager due diligence	System-level investors not only assess of managers’ competencies at the security and portfolio-level, but they also examine their management of systemic risks and skills.

Source: Adapted from TIIP (2024) “System-level Investing: Case Studies of Investors Leading the Way”

Figure 2-14 Advanced System-Level Investing Techniques

Field-building	Self-organization	Create collaborative organizational structures across the investment industry to build its capacity to address systemic challenges.
	Interconnectedness	Increase the flow of information and communication about social, financial, and environmental systems among peers, with clients, and with the public at large.
	Polity	Engage in public policy debates about governmental rules and regulations that can have a positive impact on whole systems relevant to investments.
Investment enhancement	Diversity of approaches	Use of a diverse range of investment tools to address complex systemic challenges.
	Standards setting	Establish standards that discourage investments in industries and countries with practices that violate broadly accepted standards or norms, or to contribute to the development of such standards.
	Solutions	Identify investments that both profit from the most pressing system-level challenges and resolve them positively.
Opportunity generation	Additionality	Invest in underserved people and address unmet social or environmental needs or markets.
	Locality	Invest to strengthen the social or environmental systems within a given geographic area—a city, state, region, or country.
	Evaluations	Look beyond quantifiable price and evaluate the potential of systems to provide the stability and predictability necessary to create a fertile field for investment opportunities.
	Utility	Maximize the alignment of specific investments within a portfolio’s asset classes with the social or environmental functions that these asset classes were designed to serve.

Source: Adapted from TIIP (2022) “Approaching the Tipping Point: Recommendations for Building the Marketplace for System-Level Investing”

Investing for Systems Change by Together We Invest for Systems Transformation (TWIST)

TWIST (Together We Invest for Systems Transformation), formally launched in 2022 led by the Catapult Foundation in Norway, advocates and promotes investing for systems change. As of December 2025, a community consisting of 112 investors and practitioners from around the world—the TWIST Community of Practice—has been established, where efforts such as the development of theoretical frameworks and the sharing of practical experiences are undertaken.

Investing for systems change goes beyond generating impact through individual business activities; it seeks to drive the structural transformation of the social systems that give rise to the underlying issues. TWIST defines this investment approach as shown in Figure 2-15.

In 2024, based on 42 case studies from around the world, TWIST articulated ten core traits of investing for systems change (Figure 2-16)²⁷.

Many participants in the aforementioned community have been involved in impact investing, and based on both its definition and its core traits, investing for systems change can be positioned as an advanced form of impact investing.

Figure 2-15 Definition of Investing for System Change by TWIST

Investing for systems change is investment capital that is being deployed - often coordinated with other types of resources and interventions - with the intention to contribute to positive systems change.

Source: Adapted from Korijn, A. & Fort, A. (2024) "Emergence and Co-Creation: A Collective's Perspective on Investing for Systems Change"

²⁷ An explanatory article by the Social Innovation and Investment Foundation (SIIF), which also participates in the TWIST Community of Practice, has been published (SIIF (2025) "Ten Traits of Systems Change Investing as Described by TWIST (Part 1)" https://note.com/siif_pr/n/n4a4d73e1ac50(in Japanese); SIIF (2025) "Ten Traits of Systems Change Investing as Described by TWIST (Part 2)" https://note.com/siif_pr/n/n239b3e33c052(in Japanese)).

Figure 2-16 10 Core Traits of Investing for Systems Change

(1) Intentionality	The intention is to enable positive system(s) change; shifting from one system state to another. This typically includes an articulation of system boundaries, directionality, and a 'Guiding Star' (i.e., a desired future state of the system).
(2) Problem Understanding	An understanding of the problem that is based on input from key stakeholders working on and impacted by that problem, which might include civil society, nonprofits, government, business leaders, investors, and entrepreneurs, with an intention to create a collective understanding of the problem. The output might be a systems map, which portrays this problem visually
(3) Strategy for Systems Change	The strategy is developed with input from key stakeholders impacted by that problem with an intention to create a collective strategy for change (i.e., Theory of Transformation), which might include the identification of leverage points and targeted interventions within those leverage points.
(4) Polycapital	The capital types are aligned with the system needs, and often include not only financial capital (investment and philanthropic), but also intellectual, social, material, spiritual, living, cultural and experiential capital. The use of these multiple forms of capital is often called a polycapital approach. These capitals might be deployed to support not just entrepreneurs, but also to support awareness building, data collection and analysis, coordination amongst actors, and policy engagement.
(5) Integration of Interventions	The focus is on a specific system (i.e., the food system) and interventions across that system are actively linked and coordinated. This might be facilitated through gatherings and/or agreements
(6) Power Sharing	Power and decision-making is often distributed amongst stakeholders in the system, rather than held disproportionately by the investor.
(7) Financial Return Expectations	Financial returns are typically driven by what is deemed fair and appropriate within the context of the system, rather than predominantly by investor return expectations.
(8) Dynamic Evaluation	Investors typically identify some system-level proxies to see if the system is moving into the intended direction. This might be combined with real-time information 'from the ground' to allow for dynamic learning and adaptation.
(9) Long Term Horizon	Transformative change requires a longer (potentially generational) timeframe given that it typically takes a longer time for complex systems to shift.
(10) Mindset Shift	There is a recognition that a mindset shift is needed not just at the personal (investor) level, but also within the broader team, amongst stakeholders in the systems change initiative, and at the collective (cultural) level.

Source: Adapted from Koriijn, A. & Fort, A. (2024) "Emergence and Co-Creation: A Collective's Perspective on Investing for Systems Change"

Systemic Investing by the TransCap Initiative

The TransCap Initiative, launched in 2019 led by Climate-KIC, a leading European organization promoting climate innovation, advocates and promotes systemic investing.

Systemic investing is provisionally defined as shown in Figure 2-17, and in 2024 the initiative published 16 hallmarks of systemic investing²⁸. Similar to the concept of investing

²⁸ An explanatory article by the Social Innovation and Investment Foundation (SIIF) has been published (SIIF (2024) "Transformation Capital: Bringing the Power of Finance to Systems Change" https://note.com/siif_pr/n/n97bac1751e0f, in Japanese)

for systems change described above, the definition and characteristics of systemic investing suggest that it can be viewed as an advanced form of impact investing.

Figure 2-17 Working Definition of Systemic Investing by TransCap Initiative

Systemic investing is the deployment of financial capital to transform human and natural systems with the intention of advancing environmental sustainability and social justice.

Source: Adapted from TransCap Initiative (2024) “Definition and Hallmarks of Systemic Investing: Version 1.0 (before public consultation)”

Figure 2-18 Hallmarks of Systemic Investing

(1) Systems Mindset	The fundamental attitudes, beliefs, and dispositions— anchored in systems thinking and complex systems science— directing the way systemic investors think about societal issues and how to address them
(2) Transformational Intent	The high-level change vision for a particular system
(3) Systems Analysis	The generation of strategic intelligence informing capital deployment decisions in systemic investment programs
(4) Systems Mapping	Identifying and visualizing nodes, relationships, and dynamics within a system
(5) System Boundary	A conceptual demarcation that defines the scope and limits of a system
(6) Leverage Points	Places within a complex system where a (relatively) small shift can produce outsized effects in other places of the system
(7) Theory of Transformation	The overarching hypothesis of how a transformational intent could be realized
(8) Transition Pathways	An evolutionary trajectory—understood as a series of stepping stones of “adjacent possibles”—that a system might follow given its path-dependency and current directionality
(9) Systems Financing Needs	A hypothesis of the capital requirements for achieving a particular transformational intent
(10) Coalition Building and Orchestration	Developing and nurturing a group of investors and funders committed to a shared transformational intent and theory of transformation
(11) Investment Architecture	The design of the overall capital structure of a systemic investment program
(12) Strategic Investment Portfolio	A collection of assets funded with return-seeking capital sitting within the overall investment architecture
(13) Investment Vehicle Design	The form, configuration, and legal structure of the containers in which assets and unallocated capital sit
(14) Nesting	The deliberate synergistic alignment of an investment portfolio with a broader system intervention approach
(15) Combinatorial Effects	The synergies that arise when multiple interventions stand in a strategic relationship with one another
(16) Measurement, Learning and Sensemaking	A systematic approach to generating insights and a basis for accountability in systemic investment programs

Source: Adapted from TransCap Initiative (2024) “Definition and Hallmarks of Systemic Investing: Version 1.0 (before public consultation)”

Relationships Among Systems Thinking–Based Investing Approaches

This section examines the relationships among the three approaches discussed above: system-level investing, investing for systems change, and systemic investing.

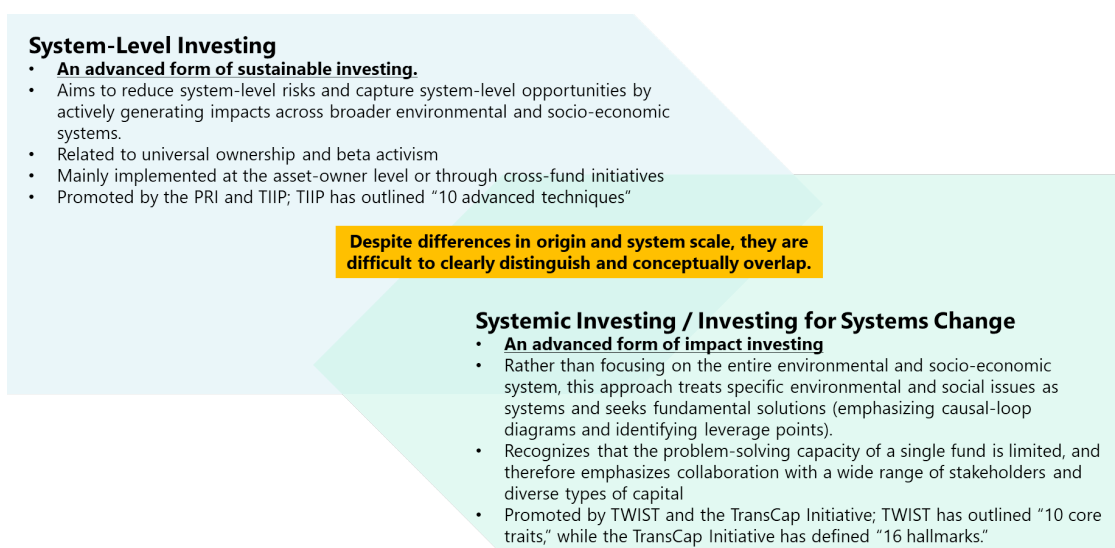
First, differences can be observed between system-level investing, which can be positioned as an advanced form of sustainable investment, and investing for systems change and systemic investing, which can be positioned as advanced forms of impact investing. These differences relate to the scale of the systems addressed—whether the focus is on the overall socio-economic and planetary environmental system or on more specific systems.

In some cases, their ultimate objectives may also differ. System-level investing is related to universal ownership and beta activism, and its ultimate objective is to maintain and enhance the value of the investment portfolio. In contrast, in investing for systems change and systemic investing, the ultimate objective may be the creation of impact itself.

System-level investing is typically undertaken not so much as initiatives by individual funds but rather at the asset-owner level or through cross-fund initiatives within financial institutions. In contrast, in investing for systems change and systemic investing, because individual funds face limitations when acting alone, collaboration with various stakeholders often becomes important.

These relationships are summarized in Figure 2-19. Although system-level investing and investing for systems change / systemic investing differ in their origins and the scale of the systems they address, they cannot always be clearly separated; as concepts, they overlap to a considerable extent.

Figure 2-19 Relationships Among Systems Thinking–Based Investing Approaches



2.3.5 Relationships Among the Concepts

Figure 2-20 summarizes the relationships among the various investment concepts and intent concepts discussed above.

First, with regard to intent concepts, two types exist: “ultimate ends intent” and “instrumental intent” (Section 2.3.2). The latter—instrumental intentions—can be further divided into “universal owner-type intent,” under which a universal owner seeks to generate impact in order to maintain and enhance the value of its portfolio, and “other intent,” such as focusing on companies where impact creation is expected to become a source of corporate value enhancement. These relationships among intentions are illustrated in the upper part of Figure 2-20.

Next, regarding investment concepts, impact investing as defined by GIIN (Section 2.2.1) may be undertaken under any of these intentions—ultimate ends intent, universal owner-type intent, or other intent.

As discussed in Section 2.2.2, there is also a view that the concept of impact investing in the JFSA’s Basic Guidelines represents a narrower concept than impact investing as defined by GIIN.

Furthermore, investing for systems change and systemic investing, which can be positioned as advanced forms of impact investing, may be regarded as even more narrowly defined concepts.

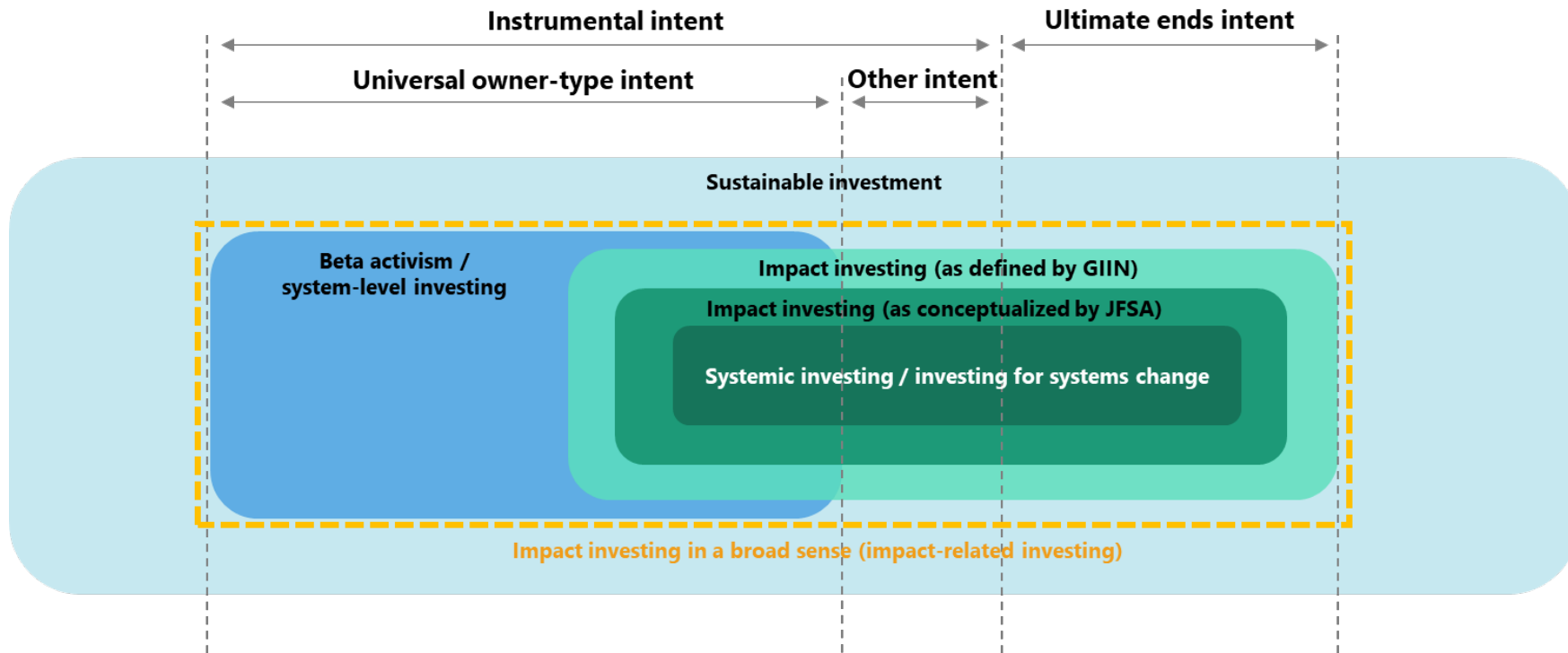
By contrast, system-level investing, which can be positioned as an advanced form of sustainable investment, corresponds to universal owner intentions and is conceptually close to beta activism (Sections 2.3.3 and 2.3.4).

Taken together, these investment concepts can be organized as shown in the lower part of Figure 2-20.

The area surrounded by the dotted line in Figure 2-20 represents impact investing in a broad sense (impact-related investing). Within this area, this research focuses particularly on the following investment activities that were not commonly observed in traditional sustainable investment. These activities are examined in the case studies of impact funds in Chapter 4 and the case studies of overseas pension fund initiatives in Chapter 5.

- Investment activities labeled as “impact investing” (including systemic investing / investing for system change)
- Investment activities not labeled as impact investing but considered to fall under the concepts of beta activism / system-level investing, with a focus on creating positive impact such as the generation and expansion of positive externalities

Figure 2-20 Overview of the Relationships Among Intent and Investment Concepts



2.3.6 Relationships Between the Intentions of Asset Owners and Those of Asset Managers/Funds

In the GIIN's Core Characteristics of impact investing (Section 2.2.1) and the JFSA's Basic Guidelines (Section 2.2.2), intentionality regarding impact creation is identified as a key element.

When considering the investment chain, however, such intent may exist separately at different levels—namely, the intent of asset owners and that of asset managers or funds. Figure 2-21 illustrates the possible combinations of intent on the part of asset owners and asset managers / funds when an asset owner conducts impact investing through external asset managers or funds.

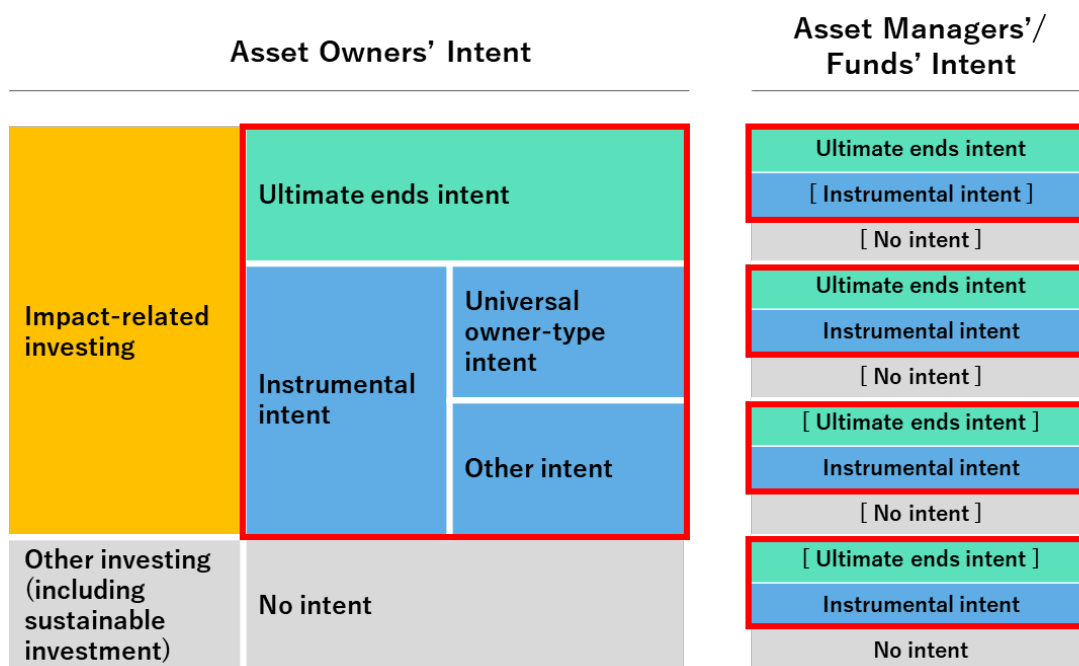
Although the intent of the two parties is often expected to align, it is also entirely possible that they do not.

In particular, under universal owner intent, asset owners may pursue impact investing as a means of maintaining and enhancing the value of their portfolios. In such cases, they might invest not only through asset managers or funds with instrumental intent but also through those with ultimate ends intent. This is because, even if an asset manager or fund pursues a specific impact under ultimate ends intent, the pursuit of that impact can still serve as a means of maintaining or enhancing the value of the universal owner's portfolio²⁹.

Furthermore, if an impact fund with instrumental intent demonstrates strong risk-return characteristics, it is also conceivable that an asset owner without explicit intent to create impact may invest in such a fund.

²⁹ Related discussions include Gosling, T. (2025) "Universal Owners and Climate Change" *Journal of Financial Regulation*, 11(1), pp.1–40, and Gosling, T. (2024) "A Fiduciary Argument for Impact Investing?" <https://www.tom-gosling.com/blog/a-fiduciary-argument-for-impact-investing> (last accessed January 30, 2026).

Figure 2-21 Relationship Between Asset Owner Intent and Asset Manager/Fund Intent



 : Equivalent to “Intentionality” in the GIIN’s Core Characteristics and the JFSA’s Basic Guidelines.

Note: Parentheses indicating the intent of asset managers/funds denote combinations that are theoretically possible but likely to be rare in practice.

2.4 Examples of Impact Investing Classifications

As discussed in Section 2.1.3, impact was defined in a broad sense as “changes in the level of people’s well-being or in the state of the natural environment.” In a narrower sense, practitioners involved in impact investing generally focus on contributing to the resolution of specific environmental problems or social challenges. This section introduces several representative frameworks that can be used to classify the diverse fields of impact investing. Specifically, this section examines the United Nations Sustainable Development Goals (SDGs), impact classification in the IRIS Catalog of Metrics by GIIN, and the impact theme classification by Phenix Capital Group (the Netherlands). In addition, several Japan-specific frameworks are introduced, including the classification used in the Japanese impact investing market survey conducted by the GSG Impact JAPAN National Partner, the Green List by the Ministry of the Environment, Japan, the Transition Technology List by the Ministry of Economy, Trade and Industry, Japan, and examples of social issues and social projects identified by the Financial Services Agency, Japan.

United Nations Sustainable Development Goals (SDGs)

The United Nations Sustainable Development Goals (SDGs) are global goals adopted unanimously at the United Nations General Assembly in 2015, set to be achieved by 2030, and consist of 17 goals and 169 targets (Figure 2-22). They are also one of the frameworks commonly used by practitioners in impact investing to classify investment areas. However, it should be noted that these are global goals specifically targeting the year 2030; as of the time of this research, the nature of a “post-SDGs” framework beyond 2030 has yet to be clarified.

Figure 2-22 United Nations Sustainable Development Goals (SDGs)



Goal (Examples)	Target (Examples)
Goal 3: Good Health and Well-Being	Target 3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents.
Goal 12: Responsible Consumption and Production	Target 12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.
Goal 14: Life Below Water	Target 14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.

Source: Adapted from United Nations (n.d.) “Sustainable Development Goals” <https://www.un.org/sustainabledevelopment/> (last accessed January 30, 2026)

Impact Classification in the IRIS Catalog of Metrics by GIIN

The IRIS Catalog of Metrics was launched by the Rockefeller Foundation, Acumen, and B Lab as a project aimed at standardizing the metrics used by companies to report impact-related information to investors. It is currently maintained and further developed by GIIN an organization also established in 2009 under the leadership of the Rockefeller Foundation.

The IRIS Catalog of Metrics includes its own impact area classification related to impact investing (Figure 2-23). For each metric included in the catalog, the corresponding impact category and impact theme, as well as the alignment with the 17 SDGs and their 169 targets, are indicated.

In 2019, GIIN evolved IRIS from a standalone catalog of metrics into a comprehensive system titled IRIS+. Within IRIS+, investors can use their relevant impact categories as a starting point to access various tools, including those that help identify recommended impact metrics (Core Metrics Sets) for measurement.

Figure 2-23 Impact Classification in the IRIS

Impact Category	Impact Theme
Agriculture	Food Security, Smallholder Agriculture, Sustainable Agriculture
Air	Clean Air
Biodiversity and Ecosystems	Biodiversity and Ecosystem Conservation
Climate	Climate Change Mitigation, Climate Resilience and Adaptation
Diversity and Inclusion	Gender Lens, Racial Equity
Education	Access to Quality Education
Employment	Quality Jobs
Energy	Clean Energy, Energy Access, Energy Efficiency
Financial Services	Financial Inclusion
Health	Access to Quality Healthcare, Nutrition
Infrastructure	Resilient Infrastructure
Land	Natural Resources Conservation, Sustainable Land Management, Sustainable Forestry
Oceans and Coastal Zones	Marine Resources Conservation & Management
Pollution	Pollution Prevention
Real Estate	Affordable Quality Housing, Green Buildings
Waste	Waste Management
Water	Water, Sanitation and Hygiene (WASH), Sustainable Water Management

Source: Adapted from GIIN (2025) "IRIS Version 5.3b Released June 2025" <https://iris.thegiin.org/catalog/download/> (last accessed October 30, 2025)

Impact Theme Classification by Phenix Capital Group (the Netherlands)

Phenix Capital Group, a Netherlands-based firm that maintains a proprietary database of more than 2,900 impact funds worldwide, has developed its own impact theme classification mapped to the SDGs, as shown in Figure 2-24.

For each impact fund in the company's database, its impact objectives are mapped to the impact theme classification defined by Phenix Capital Group.

Figure 2-24 Impact Theme Classification by Phenix Capital Group (the Netherlands)



Source: Reprinted with permission from Phenix Capital Group (n.d.) “Sustainable Development Goals & Impact Investing themes” <https://phenixcapitalgroup.com/sustainable-development-goals-impact-investing-themes> (last accessed January 30, 2026)

Classification Used in the Impact Investing Market Survey in Japan

The GSG Impact JAPAN National Partner and other organizations conduct an annual market survey of impact investing in Japan through its annual “Impact Investing Survey.” Based on this survey, they publish an annual report titled “Current State and Challenges of Impact Investing in Japan.” As part of this survey, data on impact investing assets under management in Japan are compiled each year (the market size of impact investing in Japan is discussed later in Section 3.1).

The classification used in this survey when aggregating investment balances by impact area is shown in Figure 2-25.

Figure 2-25 Impact Classification Used in the Impact Investing Market Survey in Japan

Impact Theme	Examples
Climate change mitigation	E.g., renewable energy
Climate change adaptation	To prepare for rainstorms, floods, tidal surges, and extreme heat; to ensure disaster response, etc.
Environmental protection	E.g., sustainable use of marine resources, forest management, and land use
Food security/Sustainable agriculture	E.g., technologies for nutritional improvement, agricultural productivity improvement
Water resource security/Hygiene	E.g., water and sewer, technologies for water quality improvement and water purification, sanitation
Health/Healthcare	E.g., healthcare and caregiving services, vaccine development
Infrastructure/Urban development	E.g., efficient infrastructure, smart communities
Housing supply	E.g., issue on vacant houses, temporary housing
Microfinance	—
Financial services	Other than microfinance
IT and advanced technology	E.g., information and telecommunication, development of new technologies
Support for small & medium-sized businesses	E.g., job creation, starting a business, productivity improvement
Women’s empowerment	E.g., healthcare and education for women, housekeeping services
Quality education and parenting	E.g., school/educational services
Arts and culture	E.g., community support, art activity support, cultural preservation
Other	—

Note: The FY2024 survey simplifies the domain classification; however, the FY2023 classification is used here.

Source: Adapted from GSG-NAB (2023) “The Current State and Challenges of Impact Investing in Japan: FY2023 Survey”

Green List (Ministry of the Environment, Japan)

The Ministry of the Environment, Japan, has formulated the “Green Bond Guidelines and Green Loan Guidelines” with the aim of promoting the provision of financing to projects with significant environmental benefits (green projects). Annex 1 of these guidelines includes the “Green List,” which provides an illustrative list of green projects that may be eligible for financing through green bonds or green loans (Figure 2-26).

The Green List is based on the illustrative categories of use of proceeds presented in the Green Bond Principles established by the International Capital Market Association (ICMA), which are internationally recognized standards for green bonds. Taking into account the circumstances in Japan, the list provides examples of projects that may qualify as green projects.

Although it is presented as an illustrative list, investments in green bonds and the provision of green loans may also be related to impact investing, and therefore the Green List can also be utilized as a reference for classifying impact areas in impact investing.

Figure 2-26 Major and Minor Categories of the Green List (Ministry of the Environment, Japan)

Main Category	Minor Category
Renewable Energy (including production, transmission, appliances and products)	Businesses that generate electricity from renewable energy sources such as solar, wind, hydroelectric, biomass, geothermal, and ocean renewables such as wave and tidal; Businesses that install and maintain power lines to transmit electricity generated by renewable energy sources and batteries to store electricity, and perform tasks such as maintenance and management, balancing supply and demand, and energy storage; Businesses that utilize renewable thermal energy sources such as solar thermal and geothermal heat; Businesses that manufacture equipment used in renewable energy projects, such as solar panels, power transmission lines, and batteries; Businesses that use renewable energy for part or all of the electricity consumed in offices, factories, retail stores, and residential buildings; Businesses that provide ICT solutions that contribute to renewable energy
Energy efficiency (such as in new and refurbished buildings, energy storage, district heating, smart grids, appliances and products)	Businesses that construct or renovate energy-efficient buildings for offices, factories, retail stores, and residential buildings; Businesses that introduce energy-efficient equipment and facilities in offices, factories, retail stores, and residential buildings; Businesses that introduce equipment related to the effective use of energy on a regional scale, such as energy storage, district heating and cooling, and smart grids; Businesses related to the provision of ICT solutions that contribute to energy savings, or the introduction of communication technologies with high energy-saving performance
Pollution prevention and control (including reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy)	Businesses that aim to optimize the entire life cycle at each stage of resource extraction, production, distribution, use, and disposal to achieve a circular economy; Businesses that reduce the discharge of toxic substances into the environment through the introduction of advanced equipment and technologies related to the prevention of leakage, volatility, and permeation of toxic substances, and the use of alternative products; Businesses that design or manufacture products that contribute to the reduction of fluorocarbon emissions; Businesses related to the advanced treatment and reuse of wastewater from industries and the construction of sewerage facilities with high environmental benefits and improvements to combined sewer systems; Businesses that treat contaminated soil; Businesses that contribute to the prevention of pollution from plastic waste; Businesses that provide ICT solutions that contribute to the prevention and control of water and air pollutants, Toxic substances, and waste management
Environmentally sustainable management of living natural resources and land use (including environmentally sustainable agriculture; environmentally sustainable animal husbandry; climate smart farm inputs such as biological crop protection or drip-irrigation; environmentally sustainable fishery and aquaculture; environmentally sustainable forestry, including afforestation or reforestation, and	Businesses related to sustainable agriculture; Businesses related to sustainable fisheries and aquaculture; Businesses related to sustainable forest management; Businesses related to the conservation, creation, and restoration of natural landscapes, urban green spaces, waterfront areas, and networks of water and greenery; Businesses that contribute to reducing the burden on natural resources; Businesses that provide ICT solutions that contribute to the sustainable management of natural resources and land use

preservation or restoration of natural landscapes)	
Terrestrial and aquatic biodiversity (including the protection of coastal, marine, and watershed environments)	Businesses related to the conservation and restoration of ecosystem integrity in protected areas and other effective area-based conservation measures (OECMs); Businesses related to the conservation of threatened species; Businesses that contribute to the prevention and reduction of negative impacts of invasive alien species; Businesses that maintain an appropriate distance from wild birds and animals and contribute to the mitigation of wildlife damage; Businesses providing ICT solutions that contribute to biodiversity conservation
Clean transportation (such as including electric, hybrid, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions)	Businesses that manufacture or introduce electric vehicles, railways, bicycles, zero-emission vessels, and hybrid vessels for coastal shipping, and develop infrastructure necessary for their use; Businesses that improve the efficiency of the logistics system through systematic development of logistics bases, consolidation of transportation networks, modal shifts, and shared transportation and delivery; Businesses that introduce equipment or technologies to support eco-driving; Businesses to develop facilities for park-and-ride and car-sharing; Businesses related to sustainable marine transport
Sustainable water and wastewater management (including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation)	Businesses that conserve the water cycle, including activities such as watershed conservation and the infiltration of rainwater into soil; Businesses that develop facilities for flood prevention; Businesses related to clean water and drinking water infrastructure; Businesses related to urban drainage systems; Water-efficient technologies, equipment and water management activities that reduce water supply throughout the supply chain
Climate change adaptation (including efforts to make infrastructure more resilient to impacts of climate change, as well as information support systems, such as climate observation and early warning systems)	Agriculture, forestry and fisheries: Businesses that develop or introduce crop varieties and technologies adapted to climate change, introduce equipment for controlled-environment agriculture, relocate production areas, and promote environmentally friendly agricultural practices; businesses that develop or introduce aquaculture species and technologies adapted to climate change, introduce processing equipment to address changes in fish species, and improve fishing grounds such as through the conservation of seaweed beds; Water environment and water resources: Businesses related to the efficient use of water resources and the introduction of drought countermeasures, the protection of drinking water quality, and the conservation of water resources; Natural ecosystems: Businesses related to ecosystem-based adaptation, green infrastructure for disaster prevention and mitigation that utilizes ecosystems, and the monitoring of climate change impacts; Natural disasters and coastal zones: In logistics, railways, ports, airports, roads, rivers, water supply infrastructure, waste management facilities, road safety facilities and private real estate, businesses that strengthen disaster prevention and mitigation functions while considering the natural environment and biodiversity conservation; Health: Businesses related to the provision of meteorological information and the Wet Bulb Globe Temperature (WBGT) index and related alerts, awareness-raising on prevention and response measures, the provision of information on occurrence conditions, the introduction of air conditioning and dehumidifiers, the creation of cool spots (such as shade and mist), the development of cooling shelters, and the improvement of building airtightness and insulation performance; Industrial and economic activities: Businesses that ensure the sustainability of their businesses, such as measures to deal with weather related disasters at business sites, relocation from areas of high climate risk, heat stroke prevention measures, and initiatives to ensure a stable supply of raw materials; National and urban life: Businesses related to the development of sewerage facilities to prevent inundation caused by rainwater and the development of a system that allows for the prompt and appropriate implementation of emergency measures and restoration in the event of a reduction in water supply due to damage to facilities; Businesses related to meteorological

	observation and monitoring, early warning systems, and ICT solutions that contribute to climate change adaptation
Circular economy adapted products, production technologies and processes (such as the design and introduction of reusable, recyclable and refurbished materials, components and products; circular tools and services); and/or certified eco-efficient products	Businesses that produce environmentally friendly products; Businesses related to the research and development and demonstration of technologies and products that contribute to the reduction of greenhouse gases
Green buildings that meet regional, national or internationally recognized standards or certifications for environmental performance	Businesses that construct or renovate new buildings that either meet national standards or have obtained environmental certification demonstrating high performance under nationally and internationally recognized environmental certification systems, such as CASBEE and LEED, regarding green buildings that have energy-saving performance and take a wide range of considerations into account, such as the reduction of lifecycle greenhouse gas emissions, the use of materials with low environmental impact, water use, waste management, and the conservation and creation of biological environments

Note: Due to space constraints, parentheses and annotations for minor categories are omitted.

Source: Adapted from Ministry of Environment (2025) "Annex 1: Appended Table (commonly known as the "Green List"), Updated in July 2025"

Non-Exhaustive Transition Technology List (Ministry of Economy, Trade and Industry, Japan)

The Ministry of Economy, Trade and Industry, Japan (METI) is promoting transition finance, which supports efforts toward a gradual transition to decarbonization—including energy efficiency improvements and fuel switching—particularly in greenhouse gas (GHG)-intensive industries where immediate decarbonization is challenging, with the aim of achieving carbon neutrality and a decarbonized society by 2050.

As part of these efforts, the Sub-Working Group on the Promotion of Transition Finance in Asia compiled the “Non-Exhaustive Transition Technology List,” which provides an overview of fields and technologies that may be required for the transition in Asia based on Japan’s experience (Figure 2-27). This list is not intended to be exhaustive, and whether a particular activity qualifies as a transition should be assessed in context on a case-by-case basis. Nevertheless, the list can also be utilized to classify impact areas related to climate transition in impact investing.

Figure 2-27 Non-Exhaustive Transition Technology List (Ministry of Economy, Trade and Industry, Japan)

Field	Technology
Clean Energy	Solar power generation Wind power generation Geothermal power generation Biomass power generation and biofuel production Hydroelectric power generation Nuclear power generation Production, transportation, supply, and utilization of hydrogen and fuel ammonia Synthetic methane (e-methane) production and utilization Distributed power generation (including microgrids, on-site generation) Other clean energy (e.g., ocean energy, temperature difference energy, etc.)
Fossil Fuel	Coal-fired power generation with emission reduction measures (e.g., CCUS, ammonia co-firing, biomass co-firing) High-efficiency gas-fired power generation and cogeneration (e.g., CCGT, cogeneration systems, hydrogen co-firing), LNG receiving and regasification facilities (e.g., FSRU)
Power Grid / Power Systems	Power transmission and distribution systems Energy storage systems (e.g., batteries) Fuel cells Transformers and grid equipment
Energy Efficiency	Waste-to-energy utilization (including waste power generation) Energy-efficient industrial parks and equipment (e.g., district heating and cooling, HEMS, BEMS, top-runner equipment) Other energy-saving power generation and heat supply systems
Industrial Decarbonization	Decarbonization and energy-saving technologies in steelmaking processes Decarbonization and energy-saving technologies in chemical and petrochemical manufacturing Decarbonization and energy-saving technologies in pulp and paper production Decarbonization and energy-saving technologies in cement manufacturing Green mobility (e.g., EVs, FCVs, public transport electrification) Decarbonization and energy-saving technologies in aviation Decarbonization and energy-saving technologies in shipping Decarbonization and energy-saving technologies in daily life sectors (e.g., buildings, appliances) Decarbonization and energy-saving technologies in other industries Fuel switching (e.g., conversion from coal and oil to natural gas, hydrogen, ammonia, etc.) Resource conservation, effective utilization of waste heat and exhaust gases Circular economy initiatives (e.g., recycling, resource circulation)
Other GHG Reduction	CCS / CCUS (Carbon Capture, Utilization and Storage) BECCS, DACCS, and soil carbon sequestration Digitalization and AI utilization for energy management and emissions reduction Other measures to reduce methane, CFCs, N ₂ O, and other non-CO ₂ GHGs (including those related to agriculture)

Source: Adapted from Ministry of Economy, Trade and Industry (2025) “FRTF: Fundamental Review of Transition Finance: Japan Public-Private Working Group’s Report on Scaling “Inclusive” Transition Finance in the ASEAN Region”

Examples of Social Issues and Social Projects (Financial Services Agency, Japan)

The Financial Services Agency, Japan (JFSA) has formulated the “Social Bond Guidelines” in order to promote the mobilization of private capital for addressing social challenges. In the annex to these guidelines, and with reference to the Social Bond Principles established by the International Capital Market Association (ICMA), examples of social issues and social projects (specific use of proceeds) are presented, taking into account the circumstances in Japan (Figure 2-28). Although these are provided as illustrative examples, these examples can also be utilized to classify impact areas in impact investing aimed at generating social impact.

Figure 2-28 Examples of Social Issues and Social Projects (Financial Services Agency, Japan)

Examples of Social Issues	Examples of Social Projects
Promoting diversity and empowering women	○Providing programs for education/vocational training, career development, and skills development, as well as business support for those in socio-economically vulnerable positions; ○Providing investments and loans to and support for start-ups and entrepreneurs (whose managers are in a socio-economically vulnerable position); ○Providing investments and loans to companies with credentials, etc. in empowering women and promoting gender equality; ○Providing support services/facilities for childcare and parenting; ○Providing support services/facilities for long-term caregiving
Undertaking working-style reform and achieving decent work	○Establishing a more decent work environment; ○Introducing ICT tools for remote working (web conference tools, etc.); ○Developing satellite and shared office spaces; ○Providing support services/facilities for childcare and parenting; ○Providing support services/facilities for long-term caregiving
Promoting barrier-free access	○Eliminating the digital divide (improvement of web accessibility, etc.); ○Developing barrier-free and/or gender free facilities/equipment; ○Promoting universal support; ○Providing sports and leisure opportunities for people with disabilities
Promoting countermeasures against child poverty and securing educational opportunities for all	○Implementing projects in education and welfare for economically disadvantaged children; ○Providing scholarships and educational loans; ○Providing support for creating safe and useful online environments for children; ○Providing online learning systems, providing training programs that promote the utilization of ICT, and developing and the infrastructure of school facilities for students and teachers
Promoting responsible business conduct	○Providing training programs on human rights and corporate responsibility (safety, prevention of bribery/corruption, fair labor practices, children's rights, etc.); ○Implementing programs for fair trade based on international norms, etc. regarding business and human rights; ○Supporting small-scale producers and suppliers who meet certain social and environmental standards, etc.
Achieving good health and longevity	○Providing programs aimed at promoting health and preventing illness; ○Conducting research and development of advanced medical nutrients; ○Conducting research, development, sales and distribution of healthier products; ○Conducting research and development to achieve improved food nutrition; ○Establishing state-of-the-art medical research facilities; ○Conducting research and development of innovative medical technology; ○Projects and investments/loans related to ICT utilization in the field of health and medical care (introducing telemedicine systems, etc.)
Correspondence to an aging society	○Providing welfare and long-term caregiving services for aging populations; ○Providing welfare facilities for aging populations (including long-term caregiving facilities, medical facilities, housing facilities, and cultural facilities); ○Providing preventive care programs for aging populations (promotion of exercise, etc.)

Countermeasures against COVID-19	○Conducting research and development of medical testing equipment (test kits, etc.) and pharmaceuticals (vaccines, etc.), and establishment of production systems for those products; ○Supporting countermeasures against infectious diseases at companies, facilities, stores, etc. (preparation of equipment to measure temperature and prevent infection, support for business continuity, etc.)
Countermeasures against economic impact	○Providing support to SMEs, etc. that have been economically affected by the spread of infectious diseases (investments and loans for business/employment continuity, etc.)
Regional revitalization	○Providing business support for local companies (including recruitment of human resources and sharing of intellectual property); ○Improving local living infrastructure and services (improvement of ICT environment in geographically disadvantaged areas, etc.); ○Providing support for local employment/employment generation; ○Providing investments and loans to promote and support the business growth of local SMEs
Sustainable and resilient land use (disaster prevention and mitigation, measures for aging infrastructure)	○Constructing facilities with disaster prevention and mitigation measures; ○Providing logistics facilities in the event of a disaster ○Providing evacuation shelters and supplies in the event of a disaster; ○Conducting countermeasures against disaster vulnerability/aging Infrastructure; ○Conducting projects to support disaster recovery; ○Conducting projects to promote the sustainable development of towns
Housing support for low-income earners	○Constructing and renovating high quality, affordable housing for low income earners, etc.; ○Providing mortgages for low-income earners, etc.
International cooperation (promoting Universal Health Coverage, supporting developing countries in Asia, Africa, etc., developing high-quality infrastructure overseas)	○Providing support services to enable access to electricity in underserved areas (in developing countries); ○Providing support programs for improving access to clean drinking water for low-income groups (in developing countries); ○Conducting community development projects, including sanitary sewage systems, transport, waste management, and development of green and coastal areas (in developing countries)
Promotion of sustainable production and consumption, reduction of food waste and loss, and utilization of food waste and loss/International cooperation (Achieving food security and improved nutrition in developing countries)	○Conducting projects related to addressing issues of food loss and waste in the process from food production to distribution (supply chain); ○Providing guidance, advice and support programs on sustainable production and agricultural practices; ○Introducing highly productive food processing equipment utilizing advanced technology (plant factories, etc.)

Source: Adapted from Financial Services Agency (2021) "Social Bond Guidelines"

2.5 Investor Contribution

This section examines "investor contribution," which is regarded as an important element in impact investing, by reviewing two internationally referenced review articles on the topic. Investor contribution is particularly emphasized in the Basic Guidelines of the JFSA (Figure 2-7), where it is identified as the second key element considered desirable for the realization of impact investing.

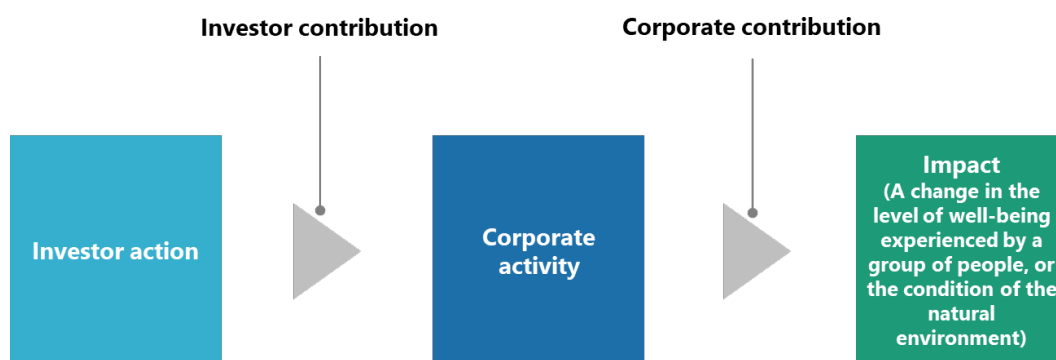
Investor contribution is also referred to as “additionality.” It denotes the change brought about by the actions of investors—in other words, changes that would not have occurred in the absence of those actions³⁰.

In the Working Group on Impact Investment, which was established to deliberate on the JFSA’s Basic Guidelines, the term “additionality” was used in the initial draft³¹. However, following the public consultation process, the terminology was amended to “contribution,”³² partly because the term additionality in this field has traditionally been associated with situations involving concessional finance³³.

Investor contribution is generally distinguished from corporate contribution, which refers to the impact generated directly through corporate business activities.

This is because, as discussed in Section 2.1.2, the primary actor that generates impact is the company. Investors who engage in impact investing are involved in the creation of impact only through the companies in which they invest; in this sense, the involvement of investors can be considered indirect.

Figure 2-29 Investor Contribution and Corporate Contribution



³⁰ For additionality, see, for example, Brest, P., & Born, K. (2013) “When Can Impact Investing Create Real Impact?” *Stanford Social Innovation Review*, 11(4), pp.22–31.

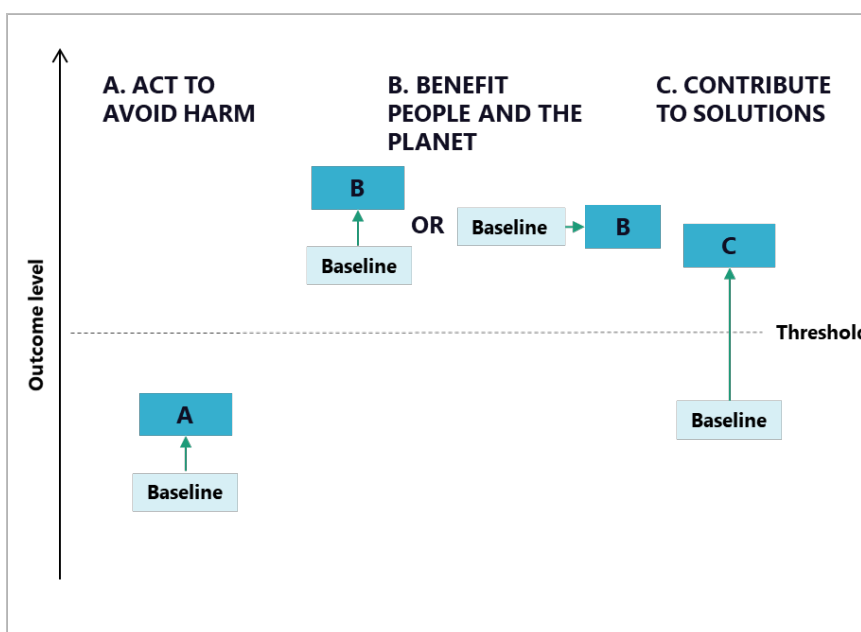
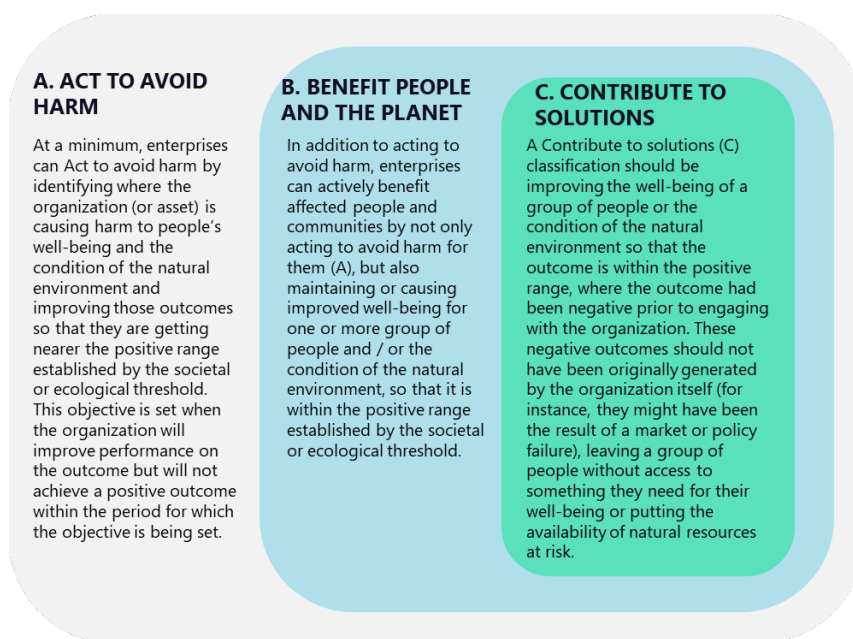
³¹ For example, JFSA (2023) “Draft Report of the Study Group on Impact Investing and Related Issues” (document distributed at the 8th meeting of the Working Group on Impact Investment, May 29, 2023).

³² JFSA (2024) “Working Group on Impact Investment (9th Meeting) Minutes” <https://www.fsa.go.jp/singi/impact/gijiroku/20240220.html> (in Japanese) (last accessed January 30, 2026).

³³ Financing provided on preferential terms—such as lower interest rates or more favorable repayment conditions—than those typically available; also referred to as concessional finance.

In addition, with regard to corporate contribution, the ABC classification developed by the Impact Management Project (IMP, now Impact Frontiers) is widely known (Figure 2-30). The ABC classification categorizes outcomes based on the baseline and the threshold level. For example, Category C refers to cases in which the level of outcomes is improved from a baseline below the threshold to a level above the threshold.

Figure 2-30 ABC Classification of Corporate Impact by IMP (now Impact Frontiers)



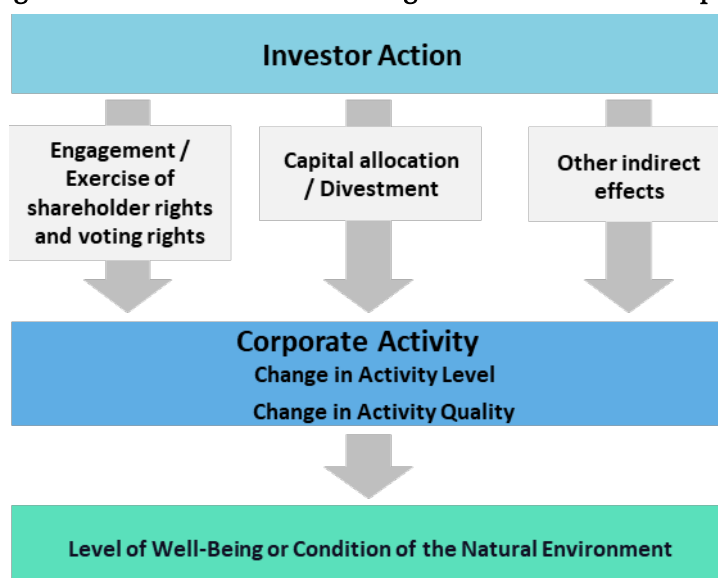
Source: Adapted from Impact Frontiers (n.d.) "Norms | ABC of Enterprise Impact" <https://impactfrontiers.org/norms/abc-of-enterprise-impact/> (last accessed January 30, 2026)

Returning to the topic of investor contribution, the question remains: through what mechanisms can investors—whose role in impact creation is fundamentally indirect—actually realize their contribution?

In this regard, the review article “Can Sustainable Investing Save the World? Reviewing the Mechanisms of Investor Impact” published in 2020 is widely known among market participants.

The review classifies the mechanisms through which investor actions lead to impact into three categories: (i) engagement and the exercise of shareholder rights such as voting, (ii) investment in or divestment from specific companies (capital allocation), and (iii) other indirect effects (Figure 2-31). Based on this framework, the paper synthesizes findings from prior empirical and theoretical research through a comprehensive literature review. It should be noted that many of the studies reviewed primarily focus on publicly listed companies and equity investments.

Figure 2-31 Mechanisms Linking Investor Actions to Impact



Note: Engagement with policymakers—an approach that can also be undertaken by actors other than investors—is excluded from the scope of the review.

Source: Adapted from Kölbel, J. F. Heeb, F. Paetzold, F. & Busch, T. (2020) “Can Sustainable Investing Save The World?: Reviewing The Mechanisms of Investor Impact” *Organization & Environment*, 33(4), pp.554-574

An overview of the review findings is presented in Figure 2-32. The review recognizes the effectiveness of investor engagement in realizing investor contribution, and it also acknowledges the potential effectiveness of capital allocation, albeit under certain conditions.

With regard to investor engagement, prior studies report that the success rate of corporate engagement requests made through shareholder engagement ranges from 18% to 60% (Figure 2-33). This suggests that engagement is particularly important in the context of public equity investments and in other areas where access to capital is already relatively abundant.

Regarding capital allocation, the findings suggest its importance particularly in cases involving companies facing external financing constraints or capital mobilization in less mature financial markets. For example, the provision of funding to early-stage startups that lack sufficient growth capital, or the mobilization of more than JPY 130 trillion in private capital required by 2032 for Japan's Green Transformation (GX)³⁴, may itself play a significant role in realizing investor contribution.

By contrast, for other indirect effects beyond investor engagement and capital allocation, the review reports that empirical evidence supporting their effectiveness remains limited.

³⁴ In relation to this, the Asset Management Forum (Japan) published a proposal in 2025 titled "Exploring Ways to Mobilize Private Capital that Contributes to Japan's Further Growth from the Perspective of Sustainable Finance," aimed at facilitating the mobilization of more than JPY 130 trillion in private capital required for the realization of Japan's Green Transformation (GX) (Asset Management Forum (2025) "Publication of the 'Statement for the Realization of an Asset Management Nation'" <https://amforum.jp/statement2025> (in Japanese))

Figure 2-32 Overview of the Literature Review Findings

Mechanism	Evidence Overview
Engagement / Exercise of shareholder rights and voting rights	<ul style="list-style-type: none"> • There is strong evidence suggesting that it is an effective mechanism for driving reforms that improve the quality of corporate activities.
Capital allocation / Divestment	<ul style="list-style-type: none"> • There is evidence that investment in or divestment from specific companies can affect market prices. However, there is no consensus on the magnitude of this effect, making it difficult to assess its significance. In addition, there is no reported evidence that changes in market prices have led to changes in ESG practices at investee companies. • Investment in specific companies is more likely to influence the growth of smaller, younger firms in less mature markets—where growth may be constrained by limited access to financing—than that of large, established companies in mature financial markets.
Other indirect effects	<ul style="list-style-type: none"> • For other indirect effects—mechanisms whereby investor actions influence third parties other than companies, which in turn affect corporate behavior—evidence supporting their effectiveness is limited, with little empirical backing.

Note: Engagement with policymakers—an approach that can also be undertaken by actors other than investors—is excluded from the scope of the review.

Source: Adapted from Kölbel, J. F. Heeb, F. Paetzold, F. & Busch, T. (2020) “Can Sustainable Investing Save The World?: Reviewing The Mechanisms of Investor Impact” *Organization & Environment*, 33(4), pp.554-574

Figure 2-33 Success Rates of Shareholder Engagement in Prior Studies

Reference	No. of requests	Sample period	Success rate
Dimson <i>et al.</i> (2015)	2,152	1999-2009	18%
Hoepner <i>et al.</i> (2016)	682	2005-2014	28%
Barko <i>et al.</i> (2017)	847	2005-2014	60%
Dimson <i>et al.</i> (2018)	1,671	2007-2017	42%
Dyck <i>et al.</i> (2019)	147	2004-2013	33%

Source: Kölbel, J. F. Heeb, F. Paetzold, F. & Busch, T. (2020) “Can Sustainable Investing Save The World?: Reviewing The Mechanisms of Investor Impact” *Organization & Environment*, 33(4), pp.554-574

In the previously mentioned review article, mechanisms other than “engagement and the exercise of shareholder rights such as voting” and “investment in or divestment from specific companies” were collectively categorized as “other indirect effects.” However, in 2023 a new review article, “The Impact of Sustainable Investing: A Multidisciplinary Review,” was

published, providing greater granularity to this previously broad category. This paper extends the earlier review and, as its title suggests, is characterized by its multidisciplinary literature review, incorporating not only prior research in finance but also studies from management, sociology, and ethics/sustainability studies.

In this new review, five specific mechanisms are identified under a third strategy called “field-building,” which is distinct from both investor engagement and capital allocation (investment or divestment)³⁵ (Figure 2-34). The authors argue that, in realizing investor contribution, it is important not only to rely on investor engagement or capital allocation but also to promote collaboration among multiple investors and efforts to influence policies, regulations, rules, and norms. These mechanisms are gaining increasing attention as pathways through which investors can contribute to impact, and they are closely related to recent discussions surrounding beta activism and system-level investing.

Figure 2-34 The Third Strategy for Investor Contribution: “Field-Building”

1. Shifting other shareholders’ evaluation of environmental / social issues
2. Sharing expertise with other shareholders regarding environmental / social issues
3. Delegitimizing certain business activities by raising concerns about specific business activities with negative effects on environment / society
4. Establishing voluntary sustainability-related standards
5. Supporting regulatory changes by government

Source: Adapted from Marti, E. Fuchs, M. DesJardine, M. R. Slager, R. & Gond, J. P. (2023) “The Impact of Sustainable Investing: A Multidisciplinary Review” *Journal of Management Studies*, 61(5), pp.2181-2211

2.6 Literature Review on Investment Returns in Impact Investing

This section reviews the literature on the investment returns of impact investing.

As impact investing can still be considered a relatively early-stage field, the accumulation of empirical research on the investment returns of impact funds remains extremely limited, especially in contrast to the substantial body of empirical studies examining

³⁵ For a more practitioner-oriented explanation by the same authors, see: Marti, E. Fuchs, M. DesJardine, M. R. Slager, R. & Gond, J. P. (2023) “A More Impactful Strategy for Sustainable Investing” *Harvard Business Review* <https://hbr.org/2023/09/a-more-impactful-strategy-for-sustainable-investing>.

the investment performance of sustainable investing more broadly³⁶. As of December 2025, a search of academic databases and related sources for peer-reviewed empirical studies identified only four relevant papers.

An overview of the analyses and the main findings of these studies is presented in Figure 2-35.

All of these studies focus on private equity impact funds. One likely reason for this is that the impact investing market historically originated in private markets, which has made relevant information and data relatively more accessible for research purposes.

Regarding the findings, some studies report that the investment returns of impact funds do not underperform conventional investments or market benchmarks, while others find them to be significantly lower.

In any case, given that only four relevant studies were identified, it remains difficult to discern definitive overall trends at this stage; further accumulation of empirical research is necessary.

³⁶ GPIF (2024) “A Comprehensive Review on the Consideration of ESG and the SDGs in Investment” Mizuho-DL Financial Technology Co., Ltd. (in Japanese)

Figure 2-35 Peer-Reviewed Empirical Studies on the Investment Returns of Impact Funds

Author, Title, etc.	Analysis Overview	Summary of Findings
Kovner, A. & Lerner, J. (2015) "Doing well by doing good? Community development venture capital" <i>Journal of Economics & Management Strategy</i> , 24(3), pp.643-663	<ul style="list-style-type: none"> Using data on 65,000 investments in the U.S. from 1996 to October 2009, the study compares U.S. community development venture capital (CDVC) with conventional VC. 	<ul style="list-style-type: none"> CDVC investments tend to target earlier-stage deals, industries, and regions where conventional venture capital funding is less likely to flow. Even after controlling for these differences, the success rate of CDVC investments—measured by the probability of exit through IPO or acquisition—is lower than that of conventional VC investments. However, CDVC may have a catalytic effect by attracting additional investment to areas that are underserved by conventional VC.
Barber, B.M. Morse, A. & Yasuda, A. (2021) "Impact investing" <i>Journal of Financial Economics</i> , 139(1), pp.162-185	<ul style="list-style-type: none"> Analyzes the IRR of 24,000 VC and growth equity investments made by 4,659 funds between 1995 and 2014 (of which 159 funds are identified as impact funds). 	<ul style="list-style-type: none"> The IRR of impact funds is 4.7 percentage points lower than that of traditional VC funds, after controlling for industry, vintage year, fund sequence number, and geography.
Jeffers, J. Lyu, T. & Posenau, K. (2024) "The risk and return of impact investing funds" <i>Journal of Financial Economics</i>	<ul style="list-style-type: none"> Analyzes all 2,509 equity investments made by IFC (World Bank Group) between 1961 and 2019 (including 2,029 direct investments and 480 fund investments). Calculates the Public Market Equivalent (PME) and compares the returns with the S&P 500 Index. 	<ul style="list-style-type: none"> The PME is 1.15 for the overall portfolio, 0.97 for direct investments (hypothetically net of fees), and 0.96 for fund investments, indicating returns broadly comparable to market benchmarks. Returns tend to decline as capital constraints ease and the banking sector becomes more developed.
Cole, S. Melecky, M. Mölders, F. & Reed, T. (2025) "Long-run returns to private equity in emerging markets" <i>Management Science</i>	<ul style="list-style-type: none"> Analyzes 94 impact funds (vintages 1999–2015) that target market-rate returns, excluding concessionary funds. Compares their performance with conventional U.S. VC using the Generalized Public Market Equivalent (GPME), which adjusts for differences in beta. 	<ul style="list-style-type: none"> The PME is 0.74, indicating lower absolute investment returns than conventional U.S. VC. However, when analyzed using the GPME, the investment returns are broadly comparable to those of conventional U.S. VC overall.

As a reference regarding the investment returns of impact investing, it is also worth noting an interview-based survey conducted by the GIIN. The survey covers 22 asset owners (insurance companies and pension funds) across 10 countries, with total assets under management of approximately USD 3.5 trillion. The report summarizes the views and perceptions of global asset owners regarding the returns of impact investing (Figure 2-36). The findings indicate

that only a limited number of asset owners position impact investing as concessional investments—defined as those that accept below-market returns to generate specific impact outcomes. In many cases, asset owners emphasize risk–return comparability with other investments or the diversification benefits that impact investing may provide within their overall investment strategies.

Figure 2-36 Summary of Views and Perceptions of 22 Asset Owners Globally

- The asset owners (AOs) surveyed apply the same target investment return for impact investments as for their other investments.
- Impact investments are evaluated using the same financial metrics as other investments within the same asset class, with expectations of risk–return comparability or contributions to diversification and liquidity.
- Some AOs place particular emphasis on the diversification benefits of incorporating impact investments.
- A small number of AOs believe that impact investing may generate investment returns that significantly outperform the market in the future.
- Some AOs have experienced increased costs during the capability-building phase related to impact investing.
- Some AOs may tolerate slightly higher risk when supporting funds with a strong impact orientation through first-time investments.
- Only one AO engages in concessional investing that accepts lower financial returns for the sake of impact.

Source: Adapted from GIIN (2025) “Navigating Uncertainty, Seizing Opportunity: Institutional Asset Owners and Impact Investing 2025”

As discussed above, given the limited accumulation of empirical studies on the investment returns of impact funds, this research also conducted a supplementary review of empirical research focusing on individual companies³⁷.

However, even at the individual company level, the accumulation of empirical research remains extremely limited. This is because the impact generated by individual companies is highly idiosyncratic and datasets based on common indicators do not exist; moreover, unlike ESG ratings or ESG scores, there are no standardized metrics for measuring company-level impact.

The main relevant empirical (peer-reviewed) studies identified through this research can be broadly classified into two categories (Figure 2-37).

³⁷ This research also referred to GSG Impact JAPAN National Partner (2025) “FY2024 Pre-Signature Project: Insights from the Study Group on Connecting Impact and Corporate Value” (in Japanese).

Figure 2-37 Empirical (Peer-Reviewed) Studies Related to the Risk–Return Characteristics of Impact Investing

Analytical Perspective	Authors, Titles, etc.
Empirical analysis of the relationship between corporate purpose and financial performance (Focusing on corporate purpose, which is considered important in impact-oriented management)	<ul style="list-style-type: none"> • Gartenberg, C. Prat, A. & Serafeim, G. (2019) “Corporate purpose and financial performance” <i>Organization Science</i>, 30(1), pp.1-18
Empirical analysis of the diversification effects of investments in microfinance institutions	<ul style="list-style-type: none"> • Krauss, N. & Walter, I. (2009) “Can microfinance reduce portfolio volatility?” <i>Economic Development and Cultural Change</i>, 58(1), pp.85-110 • Galema, R. Lensink, R. & Spierdijk, L. (2011) “International diversification and microfinance” <i>Journal of International Money and Finance</i>, 30(3), pp.507-515

Empirical Studies on the Relationship between Corporate Purpose and Financial Performance at the Individual Company Level

The first group consists of empirical studies that focus on corporate purpose, which is considered important in corporate management that aims to generate impact. In particular, Gartenberg, Prat & Serafeim (2019) conduct an empirical analysis of the relationship between corporate purpose and financial performance at the firm level.

In their study, the strength of corporate purpose is quantified based on employee survey data, and its relationship with financial performance indicators (ROA³⁸ and Tobin’s Q³⁹) is examined. The results suggest that when corporate purpose is clearly understood by organizational members—and particularly when it is deeply ingrained among middle managers and professional or technical staff—it has a positive effect on financial performance.

Although there is no universally agreed definition of corporate purpose in for-profit firms, George *et al.* (2023)⁴⁰, based on a review of prior research, propose the following definition: “Purpose in the for-profit firm captures the essence of an organization’s existence by explaining what value it seeks to create for its stakeholders.” The “value created for

³⁸ Return on Assets (ROA): An indicator that measures how efficiently a company generates profits using all the assets it holds. A higher ROA indicates that the company is generating greater profits with a smaller asset base.

³⁹ Tobin’s Q: A ratio of a firm’s market value to the replacement cost of its assets. When Tobin’s Q exceeds 1, it suggests that the market value of the firm is higher than the replacement value of its assets.

⁴⁰ George, G. Haas, M. R. McGahan, A. M. Schillebeeckx, S. J. & Tracey, P. (2023) “Purpose in The For-Profit Firm: A Review and Framework for Management Research” *Journal of Management*, 49(6), pp.1841-1869

stakeholders” can be interpreted, in other words, as impact. From this perspective, corporate purpose can be understood as explaining what kind of impact an organization seeks to generate.

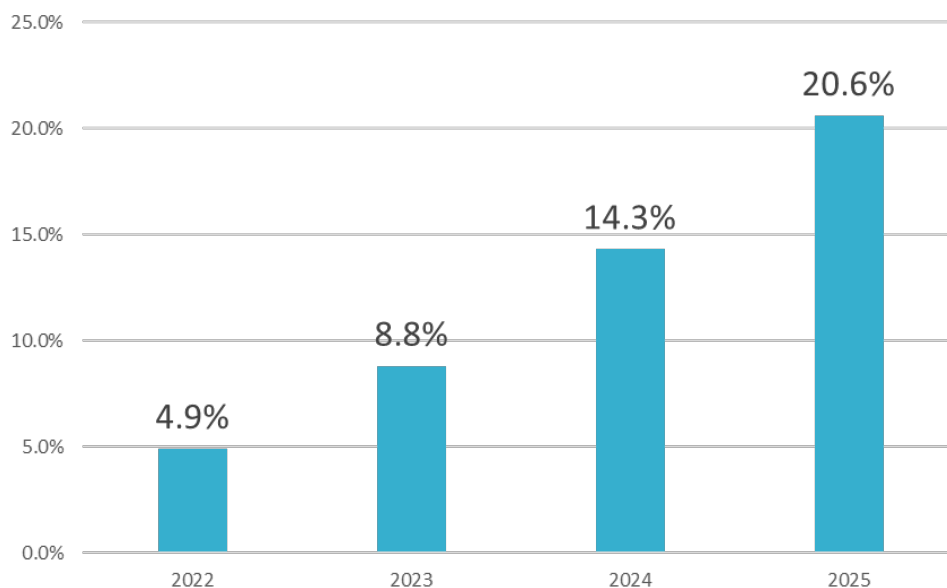
Taken together, these findings suggest that corporate management oriented toward impact creation through a clearly articulated purpose may also be associated with superior financial performance⁴¹. This implication further suggests that impact investing in such companies may not necessarily underperform conventional investments.

In recent years, it has also been reported that the number of listed companies in Japan adopting purpose statements has been increasing (Figure 2-38). Further empirical examination of the financial performance of such “purpose-driven management” among Japanese companies is therefore expected in the future⁴².

⁴¹ See also Serafeim, G. (2022) *Purpose and Profit: How Business Can Lift Up The World* HarperCollins Leadership.

⁴² As empirical analyses examining the relationship between corporate purpose and financial performance in Japanese companies, studies such as Hayashi, T. & Matsuyama, M. (2023) “Can impact creation and corporate value enhancement both be achieved? —Examination through a case study and an empirical analysis based on content analysis of corporate purpose—,” Financial Research Center Discussion Paper, DP 2023-3, Financial Services Agency of Japan (in Japanese), and Hayashi, T. (2025) “An Empirical Analysis of the Impact of Corporate Purpose on Financial Performance,” Proceedings of the 19th Annual Conference of the Japan Value Creation ERM Society 2025, pp. C8–C15 (in Japanese), can be noted. These studies report a positive relationship between corporate purpose and financial performance.

Figure 2-38 Percentage of TSE Prime Companies with a Stated Purpose



Source: Compiled based on the annual survey “PURPOSE STATEMENT LIST” (in Japanese) conducted by SMO Co., Ltd. (2022–2025).

Empirical Studies on the Diversification Effects of Investments in Microfinance Institutions

The second group consists of empirical studies examining the effects of investments in microfinance institutions⁴³—long regarded as one of the major investment areas in impact investing—on portfolio diversification. The two papers reviewed in this research both report findings suggesting that, under certain conditions, investments in microfinance institutions within investors’ global portfolios can contribute to enhancing diversification benefits (Figure 2-39).

⁴³ For a detailed discussion of the roles and historical background of microfinance institutions, see Shin, T. (2025). *Tackling Global Poverty: The Potential of Microfinance*. Iwanami Shoten (in Japanese).

Figure 2-39 Overview of Empirical Studies on the Diversification Effects of Investments in Microfinance Institutions

Authors, Titles, etc.	Sample	Main Methods	Key Findings and Implications
<p>Krauss, N. & Walter, I. (2009) “Can microfinance reduce portfolio volatility?” <i>Economic Development and Cultural Change</i>, 58(1), pp.85-110</p>	<p>325 microfinance institutions (MFIs) from 1998–2006 (data from MicroBanking Bulletin)</p>	<p>Analysis of the correlations between MFIs’ financial indicators (e.g., ROE, profit margins, asset growth rates) and global market indices (e.g., S&P 500, MSCI World) as well as domestic GDP</p>	<ul style="list-style-type: none"> • MFIs show no statistically significant correlation with capital market movements and exhibit lower sensitivity compared with emerging market commercial banks. • While many financial indicators show statistically significant correlations with domestic GDP—indicating that MFIs are not fully independent of domestic economic conditions—the correlations are relatively small, and their domestic risk exposure is lower than that of emerging market firms and commercial banks. <p>Portfolio Implication:</p> <ul style="list-style-type: none"> • MFIs offer significant diversification benefits (volatility reduction) for internationally diversified investors, while the diversification benefits are limited for domestic investors in the same country
<p>Galema, R. Lensink, R. & Spierdijk, L. (2011) “International diversification and microfinance” <i>Journal of International Money and Finance</i>, 30(3), pp.507-515</p>	<p>MFI data from 1997–2007 (sourced from MixMarket)</p>	<p>Uses a mean–variance spanning test (with short-selling constraints) to examine whether adding MFIs to an internationally diversified asset portfolio improves the efficient frontier</p>	<p>Improved portfolio efficiency:</p> <ul style="list-style-type: none"> • Incorporating MFIs into a portfolio improves its risk–return characteristics, with particularly strong diversification benefits when added to global bond portfolios. <p>Differences by region and institutional type:</p> <ul style="list-style-type: none"> • MFIs in Latin America and those structured as commercial or regional banks offer stronger diversification benefits. • In contrast, MFIs in Africa and those operating as non-profit institutions provide more limited diversification benefits for investors.

However, these studies were published more than a decade ago. Further examination is therefore needed to determine whether these tendencies persist today and to what extent similar patterns apply to other impact investment sectors beyond microfinance institutions.

It should also be noted that the interview-based survey of asset owners conducted by GIIN discussed earlier (Figure 2-36) reports that some asset owners perceive impact investing

as contributing to the diversification of investment portfolios⁴⁴. For asset owners, further insights are expected regarding the role that impact investing may play from the perspectives of portfolio diversification and the diversification of investment strategies.

⁴⁴ GIIN (2025) “Navigating Uncertainty, Seizing Opportunity: Institutional Asset Owners and Impact Investing 2025”

3. Market, Industry Organizations, and International Policies and Regulations

This chapter provides an overview of the market size of impact investing, relevant industry organizations, and policy and regulatory developments in various jurisdictions.

3.1 Impact Investing Market Size and Trends

Today's impact investing market consists of a diverse range of players.

As noted earlier, the term impact investing was first coined in 2007 by the Rockefeller Foundation. In the early stages of the market's development, foundations, philanthropic organizations, and development finance institutions—which had traditionally sought to generate specific impacts through donations and grants—played a central role.

Figure 3-1 illustrates a conceptual framework in which the horizontal axis (X-axis) represents impact return targets and the vertical axis (Y-axis) represents investment return targets. Historically, some philanthropic organizations that were originally positioned on the X-axis began to focus on investment as a means of generating specific impacts and, in addition to providing donations and grants, started to practice impact investing. Among these investors are those who accept below-market returns in order to achieve specific impact outcomes. Although no universally agreed definition exists, such investors are sometimes referred to as “impact-first investors.”⁴⁵

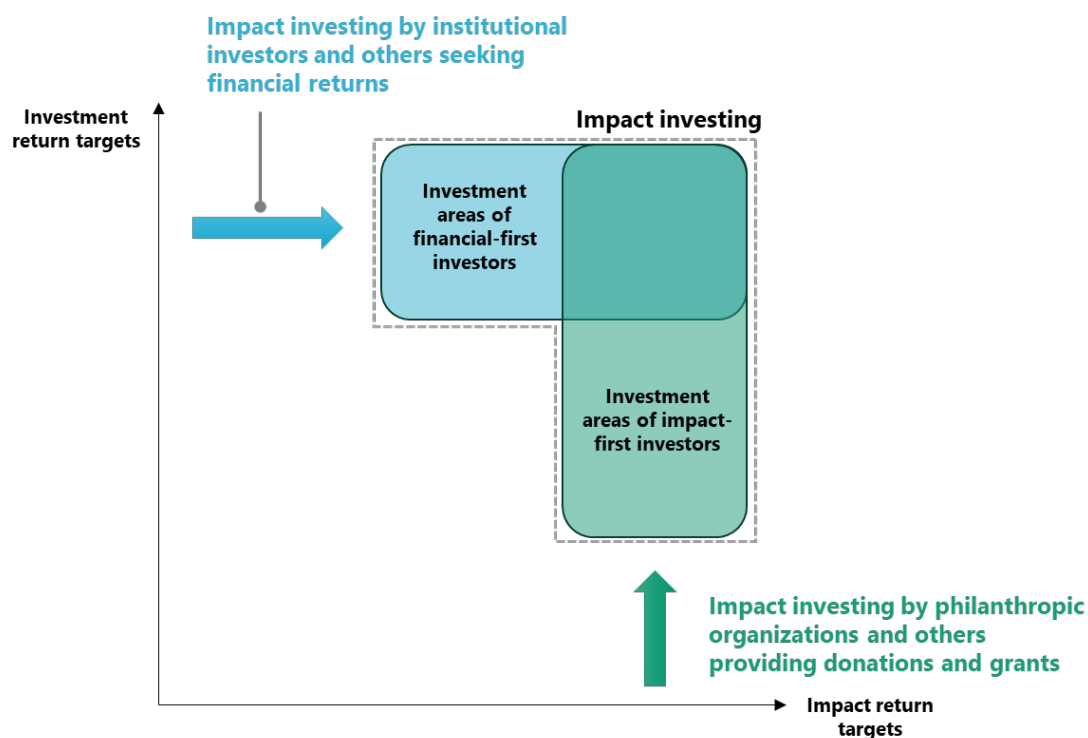
On the other hand, in recent years, a growing number of traditional institutional investors—previously positioned on the Y-axis in Figure 3-1—have entered the impact investing market, seeking to generate impact alongside the pursuit of investment returns⁴⁶.

Thus, today's impact investing market can be understood as being composed of diverse players with diverse backgrounds and motivations.

⁴⁵ Hayashi, T. (2025) “What Is an Impact-First Fund? Considering Its Characteristics” JANPIA Investment Department Note | Expanding the World of Impact Investing <https://investment-note.janpia.or.jp/n/ne49d55bee2a8> (in Japanese)

⁴⁶ JFSA (2020) “Study on Impact Investing Activities in Listed Equity Final Report” Nissay Asset Management Corporation

Figure 3-1 Investment Return Targets and Impact Return Targets of Impact Investors

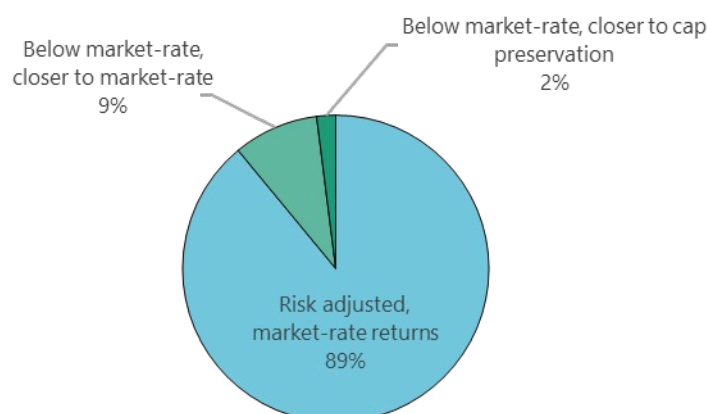


Note: For illustrative purposes only.
 Source: Adapted from Monitor Institute (2009) "Investing for Social & Environmental Impact: A Design for Catalyzing an Emerging Industry"

Note: For illustrative purposes only.
 Source: Adapted from Monitor Institute (2009) "Investing for Social & Environmental Impact: A Design for Catalyzing an Emerging Industry"

According to a survey by GIIN, as of 2024, nearly 90% of impact investing assets under management pursue risk-adjusted, market-rate returns, while assets that accept below-market returns account for only around 10% of the total (Figure 3-2).

Figure 3-2 Share of AUM by Target Investment Return (Global, 2024)



Note: N=264, AUM=USD 189 billion

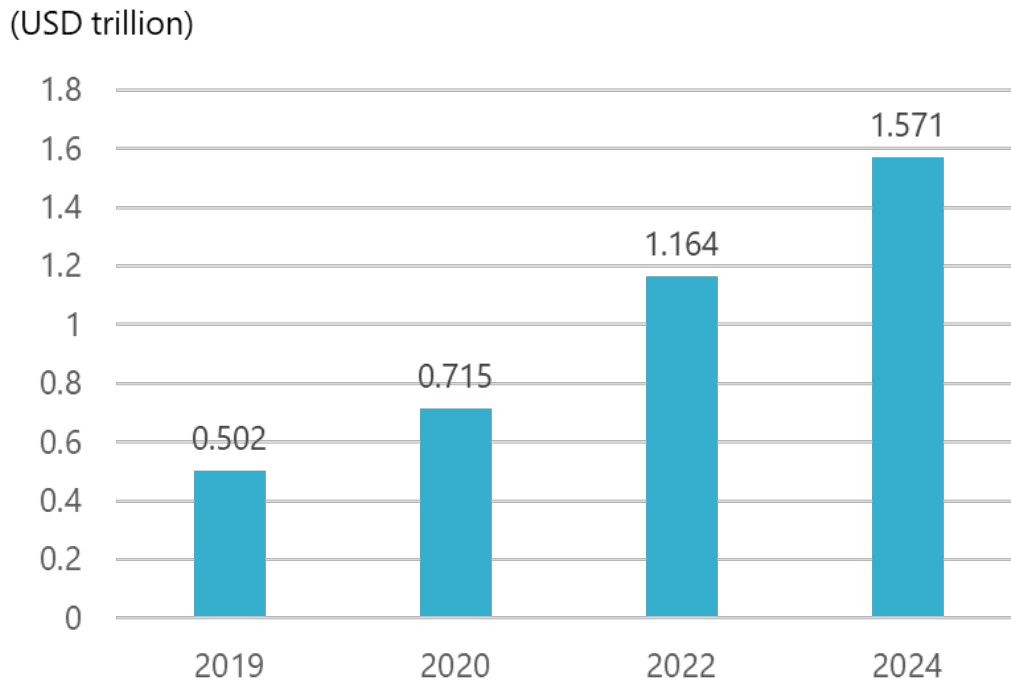
Source: Adapted from GIIN (2025) "State of the Market 2025: Trends, Performance and Allocations"

Turning to the impact investing market, its market size has been steadily increasing worldwide. In particular, the expansion of the market in Japan has been remarkable in recent years.

According to estimates by GIIN, global impact investing assets under management reached USD 1.571 trillion (2024 report). In Japan, according to a survey by GSG Impact JAPAN National Partner, the total amount reached JPY 17.3 trillion as of 2024. Although the definition of impact investing used in these surveys generally refers to that of the GIIN, it should be noted that the survey methodologies are not necessarily identical⁴⁷; therefore, the figures are not strictly comparable.

⁴⁷ For example, the global figure of USD 1.571 trillion includes estimates produced by the GIIN, whereas the Japanese figure of JPY 17.3 trillion is calculated solely by aggregating responses from a questionnaire survey. Because such survey responses are essentially based on self-reporting, the results may be influenced by respondents' interpretations and perspectives.

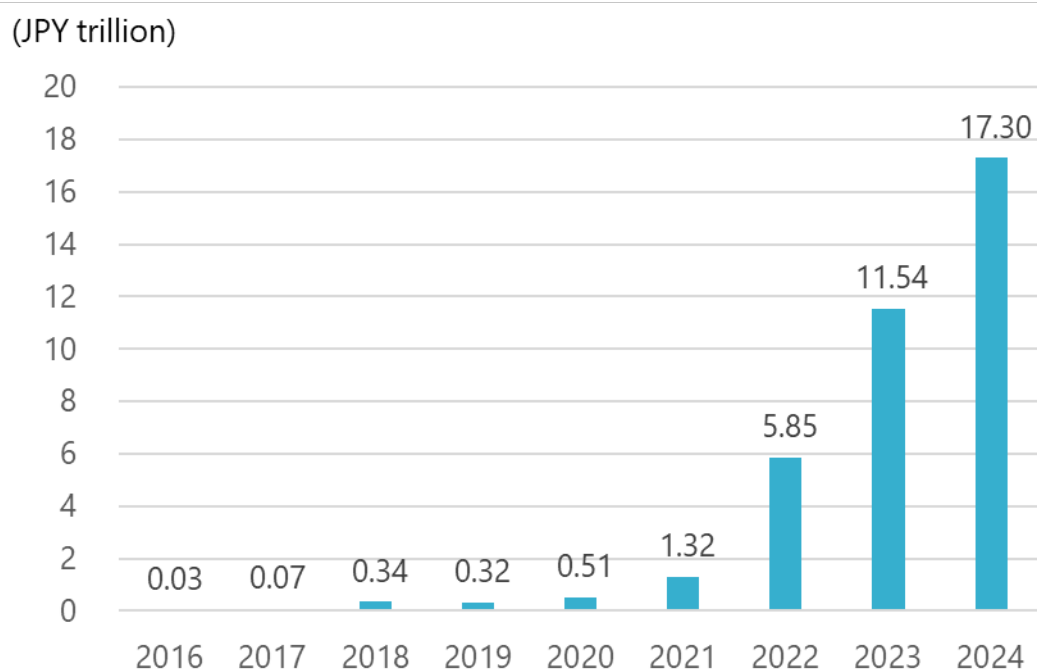
Figure 3-3 Trends in Impact Investing AUM (Global)



Note: Estimated by GIIN. Years indicate the publication year of the survey report (reporting year).

Source: Compiled based on GIIN (2019, 2022, 2024) "Sizing the Impact Investing Market" ; GIIN (2020) "Annual Impact Investor Survey 2020"

Figure 3-4 Trends in Impact Investing AUM (Japan)



Note 1: The scope of aggregation here may not fully align with that used by GIIN and may also differ from the approach set out in the JFSA's Basic Guidelines.

Note 2: Based on questionnaire surveys and therefore not necessarily suitable for time-series comparison. N=22 (2016), N=24 (2017), N=20 (2018), N=16 (2019), N=26 (2020), N=31 (2021), N=46 (2022), N=58 (2023), N=59 (2024).

Source: Compiled based on the annual surveys "Current State and Challenges of Impact Investing in Japan" by the G8 Social Impact Investment Taskforce Japan National Advisory Board (2016), GSG-NAB Japan (2017-2024), and GSG Impact JAPAN National Partner (2025).

Next, when global impact investing assets under management are examined by the headquarters location of investors, the survey by the GIIN shows that Europe accounts for the largest share at 53%. The United States and Canada follow, representing 35% (2024 report).

East Asia, including Japan, accounted for only 1% in the 2022 report, but it is noteworthy that the share increased to 6% in the 2024 report.

Figure 3-5 Impact Investing AUM by Investors' Headquarters Location

Headquarters Location	Share of Impact AUM	
	Reported in 2022	Reported in 2024
Western, Northern, & Southern Europe	55%	53%
U.S. & Canada	37%	35%
East Asia	1%	6%
Sub-Saharan Africa	2%	2%
Middle East & North Africa	1%	2%
Latin America & Caribbean (including Mexico)	1%	1%
Southeast Asia	1%	1%
Oceania	2%	1%
South Asia	0.5%	<1%
Eastern Europe & Central Asia	0.1%	<1%

Note: Years indicate the publication year of the survey report (reporting year). N=1,013 (2022), N=1,475 (2024).
Source: Compiled based on GIIN (2022, 2024) "Sizing the Impact Investing Market"

According to a survey by the GIIN pension funds were the largest source of capital for impact investing in 2024, accounting for 35% of the total capital committed during the year. Banks and insurance companies, as well as government and intergovernmental agencies, also represent relatively significant sources of funding. In contrast, foundations—which played a central role in the early development of the impact investing market—account for only a single-digit share.

Figure 3-6 Share of Capital Supplied by Player Type (Global, 2024)

Organization Type	Sources of Capital in 2024
Pension or retirement fund	35%
Bank	14%
Insurance company	12%
Intergovernmental or government agency	11%
Family office	8%
Foundation	3%
High-net-worth individual	2%
Sovereign wealth fund	2%
Corporate balance sheet	1%
Endowment	1%
Other	12%

Note: N=136.

Source: Adapted from GIIN (2025) "State of the Market 2025: Trends, Performance and Allocations"

By asset class, according to a survey by the GIIN, the global impact investing market has traditionally had a relatively large share of private equity and private debt (i.e., the private markets). Although there was a period around 2019 when the share of public markets increased, the share of private markets has increased again in recent years and now accounts for approximately 60%. It should be noted that these figures are based on questionnaire surveys conducted in each year. Because the number of responding institutions may vary across surveys, the data are not necessarily suitable for time-series comparisons.

Figure 3-7 Trends in the Share of Impact Investing AUM by Asset Class (Global)



Note: Based on questionnaire surveys and therefore not necessarily suitable for time-series comparison. N=124, AUM=USD 46 billion (2013) ; N=145, AUM=USD 60 billion (2014) ; N=153, AUM=USD 50 billion (2015) ; N=203, AUM=USD 64 billion (2016) ; N=224, AUM=USD 141 billion (2017) ; N=259, AUM=USD 131 billion (2018) ; N=289, AUM=USD 221 billion (2019) ; N=303, AUM=USD 198 billion (2022) ; N=293, AUM=USD 290 billion (2023) ; N=359, AUM=USD 218 billion (2024).

Source: Compiled based on J.P. Morgan and GIIN (2014) “Spotlight on the Market: The Impact Investor Survey” ; J.P. Morgan and GIIN (2015) “Eyes on the Horizon: The Impact Investor Survey” ; GIIN (2016-2020) “Annual Impact Investor Survey” ; GIIN (2023) “2023 GIINSights” <https://thegiin.org/publication/research/2023-giinsight-series/> (last accessed January 30, 2026) ; GIIN (2024-2025) “State of the Market: Trends, Performance and Allocations”

With regard to the sectors of global impact investing, a survey by the GIIN indicates that investments are spread across a wide range of sectors, with particularly large shares in financial services, including microfinance, and the energy sector (Figure 3-8).

Figure 3-8 Trends in the Share of Impact Investing AUM by Sector (Global)

Sector	2015	2016	2017	2018	2019	2022	2023	2024
Financial services	10%	10%	19%	11%	12%	13%	14%	21%
Microfinance	21%	21%	9%	13%	8%	8%	—*1	—*1
Energy	14%	13%	14%	15%	16%	17%	21%	20%
Food & agriculture	7%	6%	6%	10%	9%	7%	5%	11% *2
Healthcare	6%	7%	5%	6%	7%	9%	12%	11%
Housing / Construction	12%	11%	8%	7%	8%	6%	14%	8% *3
Information & communication technologies	2%	2%	3%	2%	3%	5%	4%	5%
Manufacturing	2%	2%	3%	2%	3%	4%	3%	5%
Education	4%	4%	4%	4%	3%	2%	5%	3%
Infrastructure / Transportation	1%	2%	5%	4%	4%	7%	4%	2% *4
Water, sanitation & hygiene	1%	1%	4%	7%	6%	2%	1%	2%
Other	20%	21%	19%	20%	21%	19%	16%	12%

Note 1: Microfinance has been included in financial services since 2023.

Note 2: Figures for Food & agriculture are shown through 2023; figures for Agriculture & forestry are shown for 2024.

Note 3: Figures for Housing are shown through 2023; figures for Construction are shown for 2024.

Note 4: Figures for Infrastructure are shown through 2023; figures for Transportation are shown for 2024.

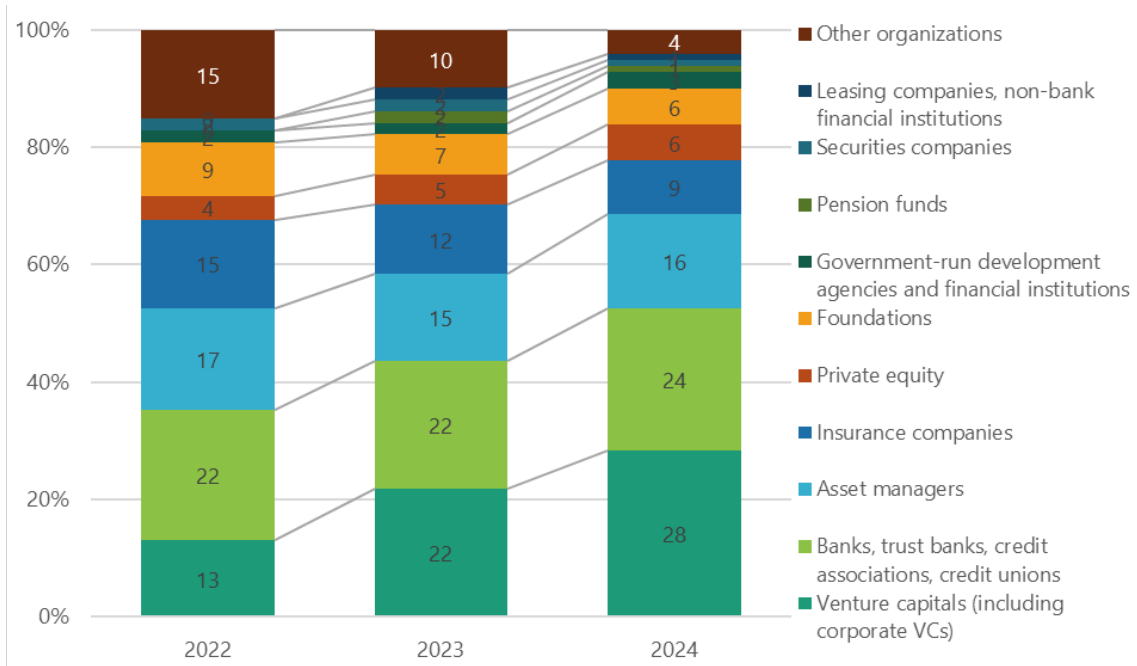
Note 5: Based on questionnaire surveys and therefore not necessarily suitable for time-series comparison. N=153, AUM=USD 50 billion (2015) ; N=203, AUM=USD 64 billion (2016) ; N=226, AUM=USD 228 billion (2017) ; N=259, AUM=USD 131 billion (2018) ; N=289, AUM=USD 221 billion (2019) ; N=303, AUM=USD 198 billion (2022) ; N=293, AUM=USD 289 billion (2023) ; N=359, AUM=USD 218 billion (2024)

Source: Compiled based on GIIN (2016-2020) “Annual Impact Investor Survey” ; GIIN (2023) “2023 GIINsights” <https://thegiin.org/publication/research/2023-giinsight-series/> (last accessed January 30, 2026) ; GIIN (2024-2025) “State of the Market: Trends, Performance and Allocations”

As noted earlier in Figure 3-4, the total amount of impact investing assets in Japan has increased rapidly in recent years. According to GSG Impact JAPAN National Partner, in terms of the number of players by type, venture capital firms (including corporate venture capital) and banks, trust banks, credit associations, and credit unions account for a large share, while pension funds represent only about 1% (Figure 3-9). In terms of assets under management by asset class, debt and bonds together account for more than 80% of the total as of 2024 (Figure 3-10). Debt likely includes instruments such as sustainability-linked loans and positive impact finance.

Although the survey methodologies differ and the results are therefore not strictly comparable with the global survey by the Global Impact Investing Network discussed earlier, the Japanese impact investing market can be characterized by the relatively limited presence of pension funds and the stronger presence of banks and other financial institutions. In addition, debt and bonds (including privately placed bonds) account for a large share, while the share of private equity investments is relatively small compared with the global market.

Figure 3-9 Trends in Impact Investing by Player Type (Japan, by Number)

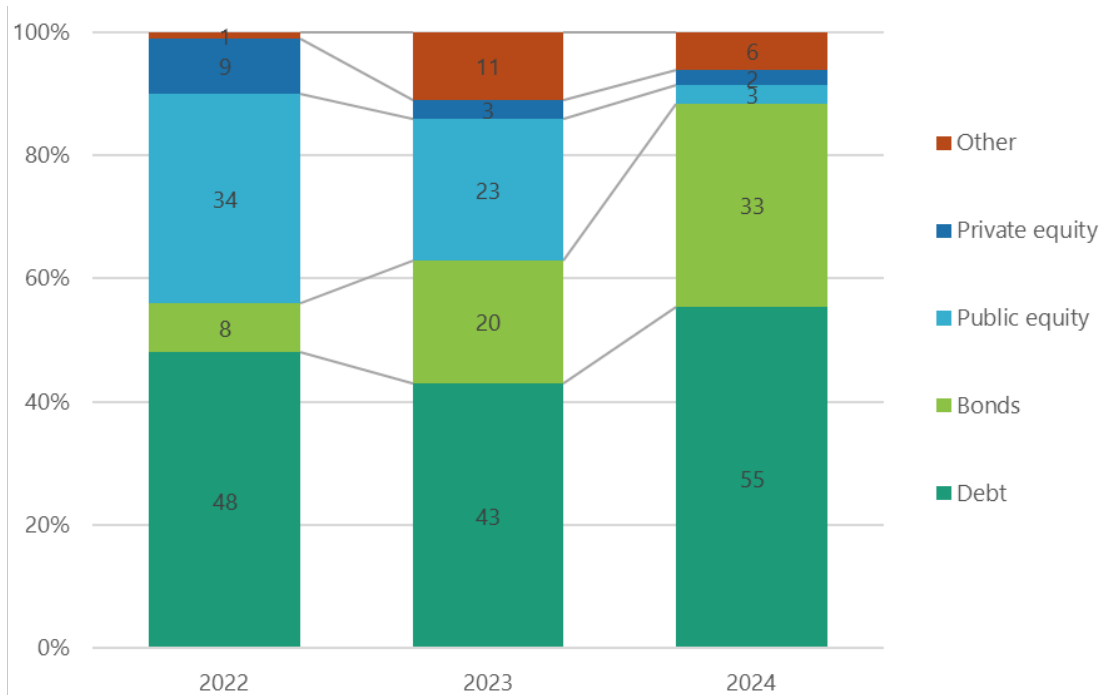


Note 1: The scope of aggregation here may not fully align with that used by GIIN and may also differ from the approach set out in the JFSA's Basic Guidelines.

Note 2: Based on questionnaire surveys and therefore not necessarily suitable for time-series comparison. N=46 (2022), N=59 (2023), N=68 (2024)

Source: Compiled based on annual survey "Current State and Challenges of Impact Investing in Japan" by GSG-NAB Japan (2023–2024) and GSG Impact JAPAN National Partner (2025).

Figure 3-10 Trends in Impact Investing by Asset Class (Japan)



Note 1: The scope of aggregation here may not fully align with that used by GIIN and may also differ from the approach set out in the JFSA's Basic Guidelines.

Note 2: Based on questionnaire surveys and therefore not necessarily suitable for time-series comparison. N=39, AUM=JPY 2,854,952 million (2022) ; N=50, AUM=JPY 4,389,716 million (2023) ; N=67, AUM=JPY 7,205,017 million (2024)

Source: Compiled based on annual survey "Current State and Challenges of Impact Investing in Japan" by GSG-NAB Japan (2023–2024) and GSG Impact JAPAN National Partner (2025).

By sector, impact investing in Japan is concentrated in climate-related areas: according to GSG Impact JAPAN National Partner, approximately 60% of impact investing assets are allocated to climate change mitigation (Figure 3-11).

It should be noted that the large year-to-year fluctuations in the share of investment capital are likely due mainly to changes in the number of institutions responding to the survey; therefore, the data are not necessarily well suited for strict time-series comparisons.

Figure 3-11 Trends in the Share of Impact Investing by Sector (Japan)



Note 1: The 2021 figures for Climate change mitigation include adaptation.

Note 2: The scope of aggregation here may not fully align with that used by GIIN and may also differ from the approach set out in the JFSA's Basic Guidelines.

Note 3: Based on questionnaire surveys and therefore not necessarily suitable for time-series comparison. N=25, AUM=JPY 94,212 million (2021) ; N=36, AUM=JPY 1,887,029 million (2022) ; N=46, AUM=JPY 3,567,892 million (2023) ; N=51, AUM= JPY 3,042,197 million (2024)

Source: Compiled based on annual survey "Current State and Challenges of Impact Investing in Japan" by GSG-NAB Japan (2022–2024) and GSG Impact JAPAN National Partner (2025).

3.2 Key Industry Organizations and Networks

This section selects nine organizations—including industry organizations as well as principles and initiatives—that are considered to have exerted a certain degree of influence on the formation and development of the global impact investing market, including Japan. A survey was conducted regarding their establishment backgrounds, core activities, and relationships with other organizations⁴⁸. With a few exceptions, these entities operate on a signatory- or membership-based model, and their signatories or member institutions are expanding globally.

⁴⁸ The yen conversion of foreign currency amounts in this section is based on the exchange rate published by the Bank of Japan in December 2025 (1 USD = 155 JPY, 1 EUR = 180 JPY, 1 AUD = 101 JPY, 1 GBP = 203 JPY).

- ① Global Impact Investing Network (GIIN)
- ② Operating Principles for Impact Management (OPIM)
- ③ Principles for Responsible Investment (PRI)
- ④ GSG Impact
- ⑤ Impact Europe
- ⑥ Asian Venture Philanthropy Network (AVPN)
- ⑦ Impact Capital Managers (ICM)
- ⑧ Toniic
- ⑨ Japan Impact-Driven Finance Initiative

① Global Impact Investing Network

Name	Global Impact Investing Network (GIIN)
Year Est.	2009
Headquarters	New York, United States
Membership	Total member organizations: 456 (as of November 2025)
Website	https://thegiin.org/

A. Background and Establishment

The U.S.-based Rockefeller Foundation played a significant role in the establishment of GIIN. It is widely acknowledged that the term “impact investing” was first coined at an international conference led and convened by the Rockefeller Foundation in 2007.

Subsequently, an initiative led by the Rockefeller Foundation to promote impact investing was launched. Other foundations, asset managers, and financial institutions joined this initiative, and in 2009 GIIN was established as an independent non-profit organization⁴⁹. GIIN is widely recognized as the world’s largest international network of impact investors.

B. Objectives and Core Activities

[Objectives]

⁴⁹ GIIN (2009) “GIIN Launch (official press release),” and The Rockefeller Foundation (n.d.) “Global Impact Investing Network (GIIN)” <https://www.rockefellerfoundation.org/bellagio-bulletin/from-the-archives/global-impact-investing-network-giin/> (last accessed January 9, 2026)

According to the GIIN's vision⁵⁰, it aims to promote the practice of impact investing and serve as a knowledge hub for practitioners in order to enable more investors to provide capital to solve environmental and social challenges.

[Core activities]

To promote the expansion of impact investing, GIIN provides networking opportunities through its annual meetings. It also provides clarification of the definition of impact investing, market research and studies, guidance for Impact Measurement and Management (IMM), metric catalogs for impact evaluation, and management tools. Regarding the definition of impact investing, GIIN codified the “Four Core Characteristics” in 2019 (see Section 2.2.1 for details).

Regarding market research, GIIN conducts annual surveys of investors globally and publishes an annual market report. These reports are among the most widely referenced sources for the size and trends of the global impact investing market (selected data are presented in Section 3.1).

With respect to IMM, GIIN published IRIS+ in 2019 as a tool to support practitioners in selecting and using impact metrics and to promote the practice of IMM (see Section 2.4 for details).

In addition, to promote impact investing in specific investment themes and investor segments, GIIN establishes initiatives and working groups. Through these, it develops frameworks and guidance and disseminates practitioner-oriented information.

✓ Climate Solutions Investing Initiative:

In June 2025, GIIN developed “The GIIN Climate Solutions Investing Framework,” presenting it as a framework for asset owners to align portfolios with international climate targets and decarbonization.

✓ Listed Equities Working Group:

In 2023, GIIN developed “Guidance for Pursuing Impact in Listed Equities,” organizing concepts that asset managers should consider in the design and management of impact funds investing in listed equities (see Figure 2-6).

✓ Blended Finance Working Group:

In 2018, GIIN published “A Resource for Structuring Blended Finance Vehicles,” summarizing key challenges and considerations in structuring blended finance vehicles.

⁵⁰ GIIN (n.d.) “About the GIIN” <https://thegiin.org/about/> (last accessed January 9, 2026)

Additionally, to support further expansion and development of the impact investing market in Japan, the GIIN Japan Working Group was launched in May 2025. It primarily targets GIIN’s Japanese members and aims to facilitate the sharing of ideas and practices between Japan and the global network⁵¹.

C. Membership Profile

As of November 2025, GIIN had 456 member organizations⁵². Members span approximately 60 countries. While their geographic distribution is centered in North America and Europe, it has expanded in recent years to Asia and Africa⁵³.

- ✓ Asset owners: 121 (including 6 from Japan)
- ✓ Asset managers: 253 (including 4 from Japan)
- ✓ Service providers: 82 (including 2 from Japan)

D. Relationships with Other Organizations

Since 2022, the secretariat of the Operating Principles for Impact Management (OPIM) has been transferred from the International Finance Corporation (IFC) to GIIN.

② Operating Principles for Impact Management

Name	Operating Principles for Impact Management (Impact Principles or OPIM)
Year Est.	2019
Headquarters	New York, United States
Membership	Total signatories: 182 (as of November 2025)
Website	https://www.impactprinciples.org/

A. Background and Establishment

In GIIN’s “Roadmap for the Future of Impact Investing,” published in 2018, the need to establish a set of principles for impact investors was highlighted. Against this backdrop, the International Finance Corporation (IFC) took the lead in developing operating principles to

⁵¹ GIIN (2025) “The GIIN Deepens Commitment to Japan’s Growing Impact Investing Market with New Working Group Launch”

⁵² GIIN (n.d.) “Members” <https://thegiin.org/members/asset-managers> (last accessed January 9, 2026)

⁵³ GIIN (n.d.) “State of the Market 2025: Trends, Performance and Allocations”

support the practical implementation of impact investing⁵⁴. Working with leading asset owners, asset managers, and financial institutions, and following a three-month public consultation with stakeholders, the Impact Principles were published in 2019 as a set of operating principles to enable investors to conduct IMM appropriately.

From 2022 onward, the OPIM secretariat has been transferred from IFC to GIIN⁵⁵.

B. Objectives and Core Activities

[Objectives]

According to the OPIM website, the Impact Principles are intended to provide a practical framework that investors can use consistently—from the design and implementation of impact investments through continuous improvement—so that impact considerations are embedded across the full investment lifecycle⁵⁶. The aim is to mobilize more private capital into impact investing markets by improving the transparency and credibility of impact investing.

[Core activities]

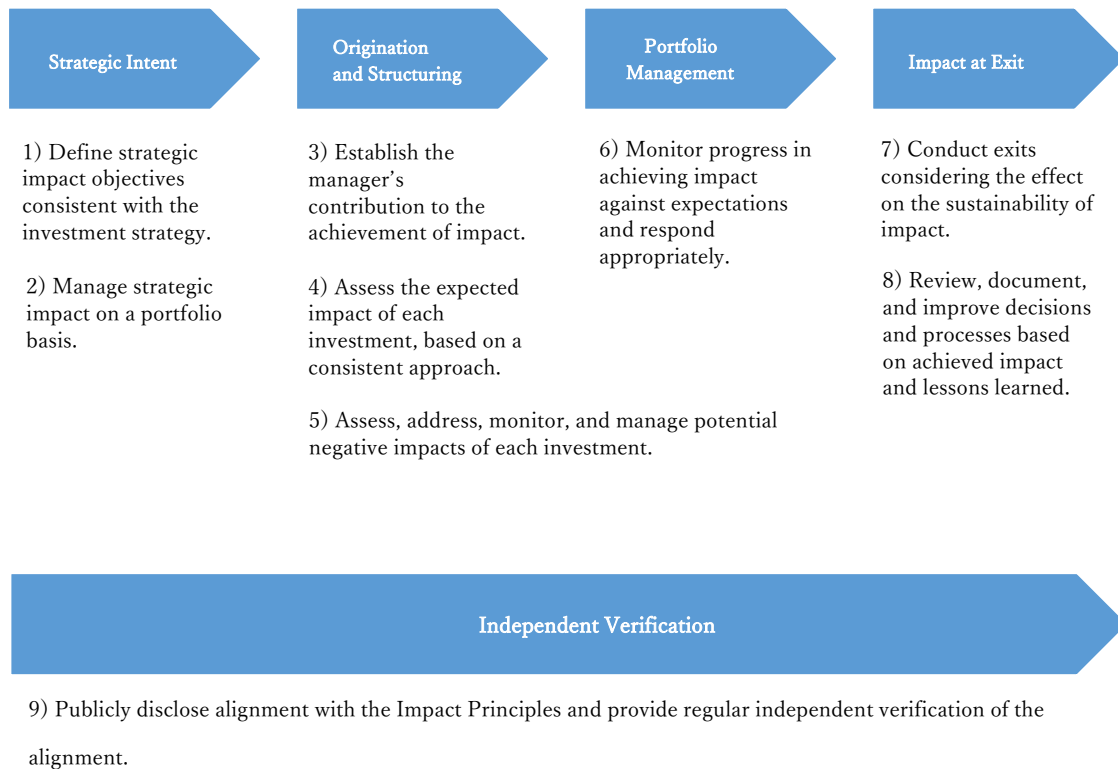
The Impact Principles divide the investment lifecycle into five stages—Strategic Intent; Origination and Structuring; Portfolio Management; Impact at Exit; and Independent Verification—and presents nine principles that should be applied across these stages (Figure 3-12). One of the key features of the Impact Principles is the emphasis on ensuring objectivity and credibility of impact investing, as reflected in the requirement for “independent verification” under Principle 9.

⁵⁴ GSG Impact JAPAN National Partner (2021) “Guide Book for Impact Measurement and Management: 1st edition (May 2021)” (in Japanese)

⁵⁵ OPIM (n.d.) “Governance” <https://www.impactprinciples.org/governance/> (last accessed January 9, 2026)

⁵⁶ OPIM (n.d.) “The 9 Principles” <https://www.impactprinciples.org/9-principles/> (last accessed January 9, 2026)

Figure 3-12 The 9 Principles



Source : Adapted from GIIN (2025) "Operating Principles for Impact Management", February 2019 (updated April 2025)

To become a signatory to the Impact Principles, institutions must establish internal operating arrangements for conducting IMM in line with the nine principles. Signatories are required to submit to the secretariat a statement explaining the alignment between their own impact management system and the Impact Principles. Following a review by the secretariat, they are mandated to publish the statement annually.

C. Signatory Profile

As of November 2025, the Impact Principles had 182 signatories (including 8 from Japan).

By organization type (as of May 2024), signatories include:

- ✓ Asset owners, development finance institutions, and multilateral development banks: 42
- ✓ Asset managers: 141

Total assets under management represented by signatories amount to USD 619.1 billion. Signatories span 40 countries.

By region, Europe accounts for 48%, followed by the United States and Canada at 22%, and Asia and Oceania at 17% (as of November 2025).

By asset class, private equity and private debt account for a significant share (as of May 2024).

D. Relationships with Other Organizations

The Impact Principles collaborate with other organizations to promote the practical implementation of impact investing. For example, in 2024 the Impact Principles published the “Inclusive Business Investment Guidelines” together with IFC, FMO (Financierings-Maatschappij voor Ontwikkelingslanden), and BII (British International Investment), and others.

In 2025, the Impact Principles co-published the report “Impact Integration – Advancing Reporting & Management Practices in Pension Funds” together with Impact Frontiers (a U.S. non-profit promoting the concept of impact and shared understanding) and Pensions for Purpose (a UK organization promoting impact investing among pension funds).

③ Principles for Responsible Investment

Name	Principles for Responsible Investment (PRI)
Year Est.	2006
Headquarters	London, United Kingdom
Membership	5,000+ (as of November 2025)
Website	https://www.unpri.org/

A. Background and Establishment

In 2006, at the invitation of then UN Secretary-General Kofi Annan, the Principles for Responsible Investment (PRI) were developed and published, with the UN Environment Programme Finance Initiative (UNEP FI) and the UN Global Compact (UNGC) playing central roles⁵⁷.

B. Objectives and Core Activities

[Objectives]

⁵⁷ PRI (n.d.) “About the PRI” <https://www.unpri.org/about-PRI> (last accessed January 9, 2026)

PRI's mission is to advance long-term responsible investment and contribute to a sustainable global financial system that delivers benefits to the environment and society as a whole. Under this mission, PRI aims to enhance investors' financial returns while also promoting social impact by integrating environmental, social and governance (ESG) factors into investment strategies.

[Core activities]

Based on the principle that institutional investors have a duty to maximize the interests of their beneficiaries from a long-term perspective, PRI sets out six Principles⁵⁸ that serve as a guide for investors to incorporate ESG factors into investment practices. PRI also hosts the annual global conference "PRI in Person", providing a forum for global discussions, knowledge exchange and networking among signatories and other stakeholders in responsible investment.

Since its inception, PRI has advocated that ESG factors play a critical role in investment risks and returns to encourage the participation of mainstream institutional investors. Since then, following the publication of "A Blueprint for Responsible Investment" in 2017, PRI has increasingly encouraged signatories to carry out investment activities with greater consideration of "real-world impact."

In 2020, PRI developed and published the guidance "Investing with SDG Outcomes: A Five-Part Framework", as guidance for investors seeking to orient capital toward outcomes aligned with the Sustainable Development Goals, centered on five key points⁵⁹.

In the 2021 report "A Legal Framework for Impact," a new concept called IFSI (Investing for Sustainability Impact) was presented. Within IFSI, two types—"Instrumental IFSI" and "Ultimate ends IFSI"—are distinguished and conceptualized (see Section 2.3.2 for details).

In Japan, the number of PRI signatories has been increasing, reflecting broadening recognition of responsible investment and impact-related concepts among domestic financial institutions. In addition, Mr. Kimura from Nippon Life Insurance Company in Japan currently serves as a board member of PRI⁶⁰.

⁵⁸ PRI (n.d.) "What are the Principles for Responsible Investment?" <https://www.unpri.org/about-PRI/what-principles-for-responsible-investment> (last accessed January 9, 2026)

⁵⁹ PRI (2020) "Investing with SDG outcomes: a five-part framework" <https://public.unpri.org/sustainable-development-goals/investing-with-sdg-outcomes-a-five-part-framework/5895.article> (last accessed January 9, 2026)

⁶⁰ PRI (n.d.) "Board members" <https://www.unpri.org/about-PRI/how-we-are-governed/board-members> (last accessed January 9, 2026)

C. Signatory Profile

As of November 2025, PRI had more than 5,000 signatories. The breakdown by organization type is as follows:

- ✓ Asset owners: 743 (Japan: 39)
- ✓ Investment managers: 3,862 (Japan: 96)
- ✓ Service providers: 441 (Japan: 11)
- ✓ Network supporters: 87 (Japan: 2)

Total signatory assets under management amount to USD 139.6 trillion (as of November 2025).

D. Relationships with Other Organizations

Among OPIM signatories, more than 160 institutions are PRI signatories (as of May 2025), and in recent years, cooperation and collaboration in practice and human resources has been progressing.

④ GSG Impact

Name	GSG Impact (formerly The Global Steering Group for Impact Investment)
Year Est.	2013
Headquarters	London, United Kingdom
Membership	National Partners: 43 countries (global, including emerging markets)
Website	https://www.gsgimpact.org/

A. Background and Establishment

GSG Impact traces its origins to the “G8’s Task Force on Social Impact Investment,” launched in 2013 following a call by then Prime Minister David Cameron. In August 2015, the organization was renamed The Global Steering Group for Impact Investment (GSG). In May 2024, it adopted its current name, “GSG Impact”.

In Japan, GSG Impact JAPAN National Partner was established in July 2014 as both a member of the GSG Impact network and a domestic hub for promoting impact investing

and the impact economy. The secretariat role for the Japan National Partner is carried out by the Social Innovation and Investment Foundation (SIIF)⁶¹.

B. Objectives and Core Activities

[Objectives]

GSG Impact articulates a vision in which “impact” becomes a core element in decision-making across investment, business, and public spending. Its mission is to build impact economies worldwide and create the foundations and incentives needed to shift capital flows toward the SDGs and climate goals⁶².

[Core activities]

• GSG Impact:

GSG Impact is headquartered in London and operates through a board of trustees composed of 12 members representing 10 countries across five continents⁶³.

The board accredits and recognizes National Partners—typically organizations that are among the first in their countries to promote impact investing or that serve as national reference bodies in the impact field⁶⁴. During the accreditation process, candidate organizations for National Partner status may receive support from GSG Impact experts. National Partners in each country form a network-based structure in which they collaborate while operating independently.

The core activities of GSG Impact, as shown in Figure 3-13, include the creation of new National Partners, as well as comprehensive and issue-specific support and capacity building for National Partners.

In addition, GSG Impact shares know-how to improve collaboration across the partnership and to enhance the role of National Partners in policy transparency and SME (small and medium-sized enterprise) finance.

⁶¹ SIIF (n.d.) “GSG IMPACT” https://www.siif.or.jp/approach_theme/gsg_impact/ (in Japanese) (last accessed January 9, 2026)

⁶² GSG Impact (n.d.) “Collective action advancing impact around the world.” <https://www.gsgimpact.org/about/about-us/> (last accessed January 9, 2026)

⁶³ GSG Impact (n.d.) “Trustees and Ambassadors” <https://www.gsgimpact.org/about/trustees-and-ambassadors/> (last accessed January 9, 2026)

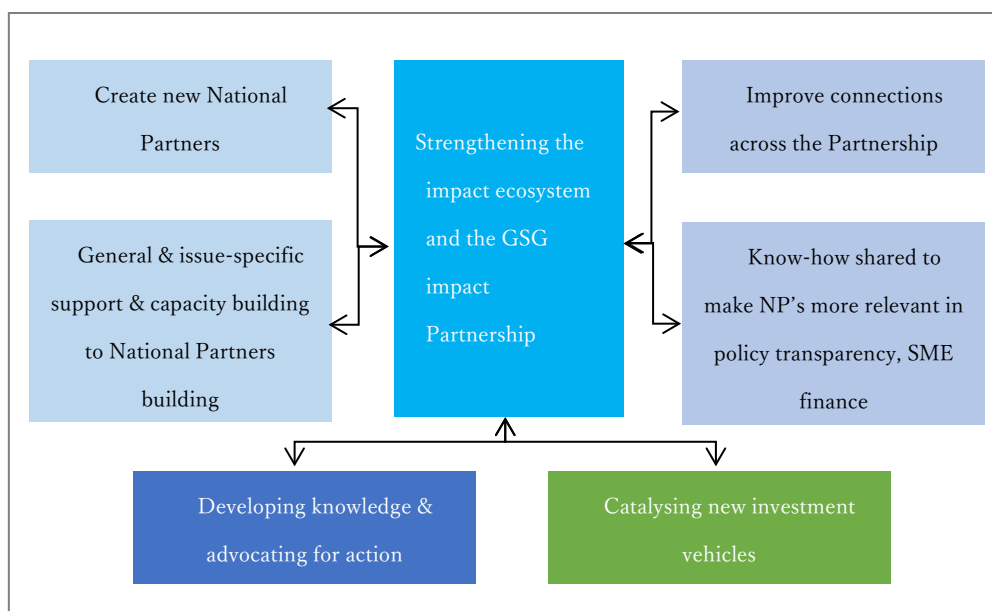
⁶⁴ GSG Impact (n.d.) “What we do and why” <https://www.gsgimpact.org/media/mealnwhd/gsg-impact-what-we-do-and-why.pdf> (last accessed January 9, 2026)

Through these activities, GSG Impact strengthens the impact ecosystem and its partnership, promotes the creation of new investment vehicles, and advances knowledge development and advocacy for practical implementation⁶⁵.

• GSG Impact JAPAN National Partner:

GSG Impact JAPAN National Partner publishes the annual report titled “The Current State and Challenges of Impact Investment in Japan,” which investigates the scale and actual conditions of the domestic impact investment market (representative data is presented in Section 3.1). In addition, the organization promotes research, awareness-raising, and networking related to impact investment within Japan.

Figure 3-13 Vision of the GSG Impact Partnership



Source: Adapted from GSG Impact (2025) “Annual report 2024”

C. Partnership Profile

As of December 2025, the partnership structure includes:

- ✓ National Partners: 43 countries (including developing countries worldwide)⁶⁶

⁶⁵ GSG Impact (2025) “Annual report 2024”

⁶⁶ GSG Impact (n.d.) “National Partners” <https://www.gsgimpact.org/partners/national-partners/> (last accessed January 9, 2026)

- ✓ Strategic Partners: 13 institutions (AVPN, IFVI, GIIN, UNDP, foundations and funds)⁶⁷
- ✓ Strategic Affiliations: 9 institutions (including ISSB and OECD PF4SD)⁶⁸

D. Relationships with Other Organizations

The following government bodies and global standard-setting organizations work with GSG Impact as Strategic Affiliations:

- the G20 Sustainable Finance Working Group (as a knowledge partner)
- the Impact Management Platform (established in 2021 following the transition from the Impact Management Project, as a founding member)
- the IFRS Foundation’s International Sustainability Standards Board (ISSB), as an inaugural member of the Sustainability Consultative Committee (SCC) and a member of the Partnership Framework for Capacity Building
- the International Public Sector Accounting Standards Board (IPSASB), as a member of the Sustainability Reference Group

⑤ Impact Europe

Name	Impact Europe
Year Est.	2004 (year of establishment of EVPA, its predecessor organization)
Headquarters	Brussels, Belgium
Membership	Approximately 350 capital providers and companies (as of December 2025) ⁶⁹
Website	https://www.impacteurope.net/

A. Background and Establishment

Impact Europe evolved from the European Venture Philanthropy Association (EVPA), which was founded in 2004. In response to the growth of the impact investing market, the organization repositioned its mission in 2022: it shifted its focus from “how” (venture

⁶⁷ GSG Impact (n.d.) “Strategic Partners” <https://www.gsgimpact.org/partners/strategic-partners/> (last accessed January 9, 2026)

⁶⁸ GSG Impact (n.d.) “Strategic Affiliations” <https://www.gsgimpact.org/partners/strategic-affiliations/> (last accessed January 9, 2026)

⁶⁹ Impact Europe (n.d.) “About” <https://www.impacteurope.net/about> (last accessed January 9, 2026)

philanthropy approach) to the “what” (acceleration of positive change for people and planet). It relaunched as “Impact Europe” in 2023⁷⁰ and is headquartered in Brussels, Belgium⁷¹.

B. Objectives and Core Activities

[Objectives]

Impact Europe is a network organization of capital providers seeking to generate impact—including foundations, impact funds, banks and other financial institutions, corporate impact actors, and public funders. It aims to promote prosperity and social progress for all people, address inequality and injustice, and protect the environment.

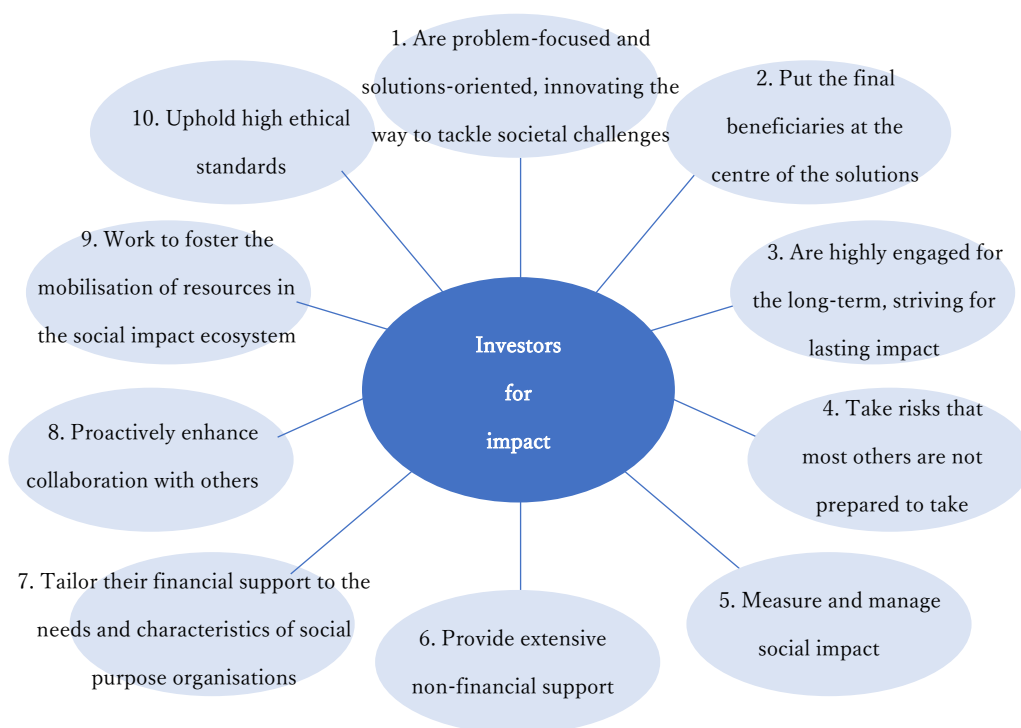
[Core activities]

Impact Europe develops its own data hub for the impact field, supports the development of thousands of impact professionals, and develops guidance aimed at raising standards and improving practice in Impact Measurement and Management (IMM). Its predecessor EVPA first published “A Practical Guide to Venture Philanthropy and Social Impact Investment” in 2008 and subsequently updated it in 2010, 2016, 2018, and 2020. With each update, it has developed the “Investing for Impact Toolkit”. This toolkit serves as a practical guide for new entrants and early-stage investors, explaining concrete steps and procedures for implementing IMM. The 2020 edition includes ten principles of the EVPA Charter.

⁷⁰ Impact Europe (n.d.) “The Age of Impact” <https://www.impacteurope.net/insights/age-impact> (last accessed January 9, 2026)

⁷¹ Impact Europe (n.d.) “Impact Europe” <https://www.impacteurope.net/members/impact-europe> (last accessed January 9, 2026)

Figure 3-14 The Ten Principles set out in the EVPA Charter



Source: Adapted from EVPA (2020) “Investing for Impact Toolkit”

Impact Europe is also recognized for early leadership on IMM guidance through “A Practical Guide to Measuring and Managing Impact” (first published in 2013 and partly revised in 2015). This guidance is widely viewed as a pioneering guideline and served as a basis for EU guidelines⁷², helping Impact Europe establish its presence in EU policy circles⁷³.

In support of building impact ecosystems, Impact Europe has implemented projects primarily in regions including Eastern Europe, the Middle East, and North Africa. With EU funding, it launched a five-year market-building program in Eastern Europe in 2020, conducting awareness-raising, promoting social innovation, and engaging in dialogue with policymakers and decision-makers in Armenia, Ukraine, Georgia, Azerbaijan, and Moldova. In 2023, it launched a market-building project in the MENA region, promoting impact investing in Morocco, Tunisia, Algeria, Egypt, Palestine, Lebanon, and Jordan.

⁷² Cabinet Office (Japan) (2016) “Promoting Social Impact Measurement-Basic Concept of Social Impact Measurement for Solving Social Issues and Plans to be Taken-” Working Group on Social Impact Assessment

⁷³ Impact Europe (n.d.) “We are the investing for impact network” <https://www.impacteurope.net/about> (last accessed January 9, 2026)

In 2024, in collaboration with GSG National Partners such as those in the Netherlands and Spain, Impact Europe published “The Investing for Impact Manifesto”⁷⁴. The manifesto calls on the EU to make all public funding intentionally impact-oriented and proposes creating an “impact scoreboard” to assess impacts generated through public finance, including public procurement.

From 2025, it has also pursued a five-year initiative to promote policy development for social entrepreneurship ecosystems in the Western Balkans (North Macedonia, Serbia, Kosovo, Montenegro, Albania, and Bosnia)⁷⁵.

C. Membership Profile

Impact Europe has more than 350 members, spanning foundations, impact funds, banks and other financial institutions, corporate impact actors, public funders, corporates, and other types of social innovators.

In 2024, 54 new organizations joined. By member type, 72% are capital providers who emphasize innovative investment strategies and peer learning, while 28% are market and capacity builders who through their expertise in market development, infrastructure-building, and professional capability strengthening work to enrich the ecosystem⁷⁶ (as of December 2024).

D. Relationships with Other Organizations

Regional networks such as AVPN (Asian Venture Philanthropy Network) and AVPA (African Venture Philanthropy Alliance) participate in Impact Europe as members⁷⁷.

In 2022, EVPA (now Impact Europe) and GSG Impact jointly published “Accelerating Impact”, which surveyed 285 organizations representing 512 impact investment vehicles across 18 European countries⁷⁸.

In March 2025, Impact Europe issued, jointly with other organizations including GSG Impact, a welcome statement to the European Commission regarding the proposed

⁷⁴ Impact Europe (2024) “The Investing for Impact Manifesto”

⁷⁵ Impact Europe (n.d.) “Market Building” <https://www.impacteurope.net/stream/market-building> (last accessed January 9, 2026)

⁷⁶ Impact Europe (2025) “Annual Report 2024”

⁷⁷ Impact Europe (n.d.) “Members” <https://www.impacteurope.net/members> (last accessed January 9, 2026)

⁷⁸ EVPA (2022) “Accelerating Impact”

revised SFDR that explicitly positions impact investing within the regulation⁷⁹. It continues to engage in policy advocacy with other organizations on EU-level sustainable finance regulation and the positioning of impact investing.

⑥ Asian Venture Philanthropy Network

Name	Asian Venture Philanthropy Network (AVPN)
Year Est.	2011
Headquarters	Singapore
Membership	700+ members (as of December 2025)
Website	https://avpn.asia/

A. Background and Establishment

AVPN was established by Doug Miller, who also founded EVPA, to create a similar network in Asia. It is one of the largest networks in Asia that brings together investors seeking to solve social challenges. AVPN promotes the expansion of the circulation of impact-oriented capital and the collaborations of philanthropy and impact investing.

B. Objectives and Core Activities

[Objectives]

AVPN aims to activate social investment and strategic philanthropy across Asia and maximize the impact created. It does so by providing member organizations with capacity-building opportunities and by offering a platform where organizations and companies across diverse sectors can collaborate.

The membership is divided into the following three categories, each with different objectives⁸⁰.

Vision: This tier seeks to convene small groups of CEOs and Board Directors to exchange views and connect with influential opinion leaders.

⁷⁹ Impact Europe (2025) "A Joint Welcome to the New SFDR Proposal" <https://www.impacteurope.net/insights/joint-welcome-new-sfdr-proposal> (last accessed January 9, 2026)

⁸⁰ Japan Fundraising Association (n.d.) "Moving Capital Towards Impact" <https://jfra.jp/avpn> (in Japanese) (last accessed January 9, 2026), AVPN (n.d.) "Annual Review 2024-2025" <https://avpn.asia/annual-review/2024-25/> (last accessed January 9, 2026)

Catalyst: This tier seeks to support those on the frontlines of ecosystem building, whether they are sharing their knowledge, developing communities, or looking for ways to move capital across Asia.

Knowledge: This tier provides opportunities for those researching regional information to acquire knowledge in the fields of philanthropy and impact investing.

[Core activities]

AVPN’s core activities include convening international conferences; organizing seminars and workshops across Asian countries; promoting collaborative projects among member organizations; and conducting research on philanthropy and impact investing.

C. Membership Profile

As of December 2025, AVPN has more than 700 members. Of these, Northeast Asia (including Japan) comprises 138 institutions⁸¹.

Membership by organization type includes the following:

- ✓ Corporate / financial institutions: 92 (Northeast Asia: 16)
- ✓ Family offices: 10 (Northeast Asia: 5)
- ✓ Foundations / trusts: 166 (Northeast Asia: 35)
- ✓ Government-related organizations: 30 (Northeast Asia: 8)
- ✓ Impact funds: 42 (Northeast Asia: 7)
- ✓ Incubators / accelerators: 28 (Northeast Asia: 8)
- ✓ Intermediary support organizations: 49 (Northeast Asia: 9)
- ✓ International NGOs: 108 (Northeast Asia: 14)
- ✓ Network organizations: 50 (Northeast Asia: 9)
- ✓ Private equity / venture capital: 19 (Northeast Asia: 5)
- ✓ Service providers: 64 (Northeast Asia: 10)
- ✓ Universities / research institutions: 37 (Northeast Asia: 11)
- ✓ Others

Geographic coverage: AVPN covers more than 43 markets globally, with a focus on Asia (as of December 2025).

D. Relationships with Other Organizations

⁸¹ AVPN (n.d.) “Together, we change the world” <https://avpn.asia/members/list-of-members/> (in Japanese) (last accessed January 9, 2026)

In Japan, the Japan Fundraising Association (a certified NPO) serves as AVPN’s representative country partner, engaging in efforts to build an ecosystem for capital circulation to create impact across Asia⁸².

⑦ Impact Capital Managers

Name	Impact Capital Managers (ICM)
Year Est.	2018
Headquarters	New York, United States
Membership	140+ member funds (as of December 2025)
Website	https://www.impactcapitalmanagers.com/

A. Background and Establishment

ICM was established in 2018 by leading impact funds in the United States and Canada to build networks among fund managers, implement IMM, and develop human resources within impact funds.

B. Objectives and Core Activities

[Objectives]

ICM is a membership organization specifically focused on General Partners (GPs) managing funds. It aims to pursue both competitive market-rate investment returns and impact creation. Its stated mission is to accelerate the performance of member organizations and expand the impact investing market by private capital with integrity and credibility.

[Core activities]

ICM facilitates networking among members and identifies and shares best practices in performance-related areas, including impact management. ICM partners with the ICM Institute to deliver research and education for the impact investing field, including talent development programs, professional capacity-building, and partnerships to develop impact investors⁸³.

⁸² Japan Fundraising Association (n.d.) “Moving Capital Towards Impact” <https://jfra.jp/avpn> (last accessed January 9, 2026)

⁸³ ICM (n.d.) “ABOUT” <https://www.impactcapitalmanagers.com/about-icm> (last accessed January 9, 2026)

In 2018, ICM co-published, with an impact investing consultancy, Tideline, the report “The Alpha in Impact”. The report identifies ten factors (drivers) that promote “impact alpha”—how operating with an impact objective can add financial value for investors—and analyzes how each driver can contribute to improved financial performance.

Figure 3-15 10 Drivers of Impact Alpha

Category	Driver	
Accessing Opportunities	1	Source deals through mission-aligned networks
	2	Uncover opportunities through deep market expertise
	3	Build values alignment with investees
Creating Value	4	Leverage impact expertise to develop more effective businesses
	5	Enhance investee branding and storytelling
	6	Attract and retain manager and investee talent
	7	Unlock public and philanthropic capital
Strengthening Outcomes	8	Promote discipline and efficiency in operations through impact accountability
	9	Establish credibility with impact-driven stakeholders
	10	Optimize social, environmental, and reputational risk management

Source: Adapted from Tideline & ICM (2018) “The Alpha in Impact: How operating with an impact objective can add financial value for investors”

In 2020, leaders within the ICM network developed “ICM Fundamentals of IMM (Impact Measurement & Management)”, which is used as practical IMM guidance for fund managers.

ICM offers selective membership for funds with at least USD 25 million in assets under management (with certain exceptions)⁸⁴. From Japan, Energy & Environment Investment, Inc. and GLIN Impact Capital are registered as members.

As of December 2025,

- ✓ Number of funds: Over 140
- ✓ Asset under management: Over \$80 billion in more than 6,000 companies worldwide
- ✓ Geographic coverage: Primarily North America

D. Relationships with Other Organizations

ICM partners with Impact Frontiers to provide an online curriculum supporting investment decision-making that integrates impact and financial performance⁸⁵. This curriculum draws on the aforementioned materials such as “ICM Fundamentals of IMM” and related guidance.

⑧ Toniic

Name	Toniic
Year Est.	2010
Headquarters	San Francisco, United States
Membership	Approximately 500 asset owners (HNWI, family offices, foundations) (as of December 2025)
Website	https://toniic.com/

A. Background and Establishment

Toniic was founded in 2010 as a global action network for impact investors. The founder previously established the KL Felicitas Foundation in 2000 and worked to nurture social enterprises. Based on experience integrating impact investing into the foundation’s endowment portfolio to generate social and environmental impact through investment,

⁸⁴ ICM (n.d.) “MEMBERS”

<https://www.impactcapitalmanagers.com/members-icm> (last accessed January 9, 2026)

⁸⁵ ICM (n.d.) “IMPACT MEASUREMENT & MANAGEMENT (IMM)”

<https://www.impactcapitalmanagers.com/im-icm> (last accessed January 9, 2026)

Toniic is said to have been founded after advocating the mobilization of 100% of wealthy individuals' assets toward social and environmental impact⁸⁶.

B. Objectives and Core Activities

[Objectives]

Toniic is characterized as a membership organization specializing in high-net-worth individuals and family offices committed to generating impact. Its objective is to build an active global community of impact investors and to pursue greater positive net impact across all forms of capital.

[Core activities]

Through the “T100” project, Toniic undertakes long-term research on impact portfolio construction aimed at deploying 100% of assets toward achieving social and environmental impact. The project aims to encourage investors to construct impact portfolios across all asset classes with high impact potential, invigorate intermediaries and promote the development of more impactful products and services, and provide investor data to the broader research community, thereby supporting the development of the impact investing market⁸⁷.

Toniic also offers “ToniicEd”, an industry-leading education curriculum designed to strengthen members' skills as impact investors. Toniic global members can use this program and the curriculum covers impact investing fundamentals through to practical learning on impact portfolio construction, allowing them to learn. It includes not only introductory materials for new entrants but also intermediate courses for investors who have already begun implementing impact investing⁸⁸.

In addition, Toniic provides “Impact Terms”, a how-to guide aimed at entrepreneurs, investors, and impact professionals⁸⁹.

⁸⁶ SIIF (2020) “A Study on the Ecosystem for Developing New Forms of Philanthropy — Harnessing the Intentional Assets of High-Net-Worth Individuals for the Benefit of Society —” (in Japanese)

⁸⁷ Toniic (n.d.) “T100” <https://toniic.com/t100/> (last accessed January 9, 2026)

⁸⁸ Toniic (n.d.) “Education” <https://toniic.com/toniiced/> (last accessed January 9, 2026)

⁸⁹ Toniic (n.d.) “Impact Terms” <https://toniic.com/itp/> (last accessed January 9, 2026)

C. Membership Profile

As of December 2025, Toniic has approximately 500 members, including high-net-worth individuals, family offices, and foundations from more than 25 countries⁹⁰.

D. Relationships with Other Organizations

In 2019, Toniic established a Toniic–AVPN membership arrangement to support impact investing efforts in Asia, providing AVPN members with access to Toniic’s global investor community and educational content.

In addition, in October 2025, Toniic partnered with Impact Europe and GIIN to convene an event in London focused on “collaboration for strategic capital”⁹¹, which was held to share examples of cross-investor collaboration among diverse investors⁹².

⑨ Japan Impact-Driven Financing Initiative

Name	Japan Impact-Driven Finance Initiative
Year Est.	2021
Headquarters	Japan
Membership	Signatory financial institutions: 66; supporting signatories: 8 (as of October 2025)
Website	https://www.impact-driven-finance-initiative.com/

A. Background and Establishment

The Japan Impact-Driven Finance Initiative was launched in 2021 as a collaborative initiative among multiple Japanese financial institutions to advance the practice of impact-driven financing and investment⁹³. It began with signatures from the top management of 21 financial institutions. SIIF supported the establishment and operation, serving as the secretariat during

⁹⁰ Toniic (n.d.) “Top page” <https://toniic.com/> (last accessed January 9, 2026)

⁹¹ Toniic, AVPN (2019) “Toniic AVPN” <https://avpn.asia/wp-content/uploads/2019/04/Toniic-AVPN-One-Pager-03.28.2019.pdf> (last accessed January 9, 2026)

⁹² Impact Europe (2026) “Trust and Courage: Unlocking Collaboration for Catalytic Capital” <https://www.impacteurope.net/insights/trust-and-courage-unlocking-collaboration-catalytic-capital> (last accessed March 13, 2026)

⁹³ Japan Impact-Driven Financing Initiative (2025) “Progress Report of Japan Impact-Driven Financing Initiative 2024” (in Japanese)

its early phase; since 2025, the Initiative has become independent from SIIF and operates under a new organization.

B. Objectives and Core Activities

[Objectives]

The Initiative promotes the practical implementation of IMM in individual financing and investment transactions and seeks to expand impact orientation across financial institutions' overall business. Against the backdrop of deepening environmental and social challenges domestically and globally, it emphasizes that private-sector financing and investment are indispensable complements to public funding. On this basis, it adopted the declaration text shown in Figure 3-16, which includes recognition of the importance of incorporating impact orientation into financial institutions' management and the promotion of collaboration among financial institutions toward impact creation. Signatory institutions aim not only to undertake activities aligned with the declaration within their own organizations but also to promote cross-asset-class collaboration among multiple financial institutions, thereby transforming capital flows handled by financial institutions toward an impact-oriented approach.

Figure 3-16 Commitments and Actions of Japan Impact-Driven Finance Initiative

1	We understand the importance of being impact-driven in management in order for financial institutions to fulfill the role expected by society, and we will practice impact investment in each of our financial institutions.
2	We will integrate IMM as a decision driver in every investment process and financial product, since we believe that impact visualization as well as impact management, which requires efforts to continuously create impact by utilizing impact information, integrating into investment strategies and a decision driver, are necessary.
3	We will develop each action plan for the above-mentioned actions (1 and 2), appropriate to the situation of each organization, and then share and discuss the best practices and challenges experienced among the signatories, so that we can develop the signatories' community as a platform in a sustainable manner.
4	We will engage in collaborative activities at the working level of signatories, including exchange of information, and necessary research and studies, with a view to improving the quality of IMM and increasing the volume of impact investing.
5	We will work collaboratively to ensure that the impact-driven management of financial institutions and the implementation of the IMM will spread throughout the Japanese financial industry, including financial institutions not participating in this declaration.
6	We will actively participate in global initiatives that promote impact investing and IMM, contribute to the promotion of international impact investing, and actively disseminate information from Japan.
7	We will continue these activities until Japan's financial sector is able to develop impact investing in a sustainable and autonomous manner.

Source: Adapted from Japan Impact-Driven Financing Initiative (2025) "Japan Impact-driven Financing Initiative" <https://www.impact-driven-finance-initiative.com/en/> (last accessed January 9, 2026)

[Core activities]

The Initiative operates six working groups— "Debt and Bonds", "Impact-Driven Corporate Value Enhancement Alliance", "Social Indicators", "Asset Owners and Asset Management", "Regional Finance", and "Venture Capital"—which meet regularly to share information and conduct case studies among participating institutions.

In its mid-term plan established in August 2025, the Initiative identified key challenges including limited penetration of impact orientation, concerns about impact-washing arising from ambiguity and diversification in definitions of impact investing, and the limitations of firm-by-firm impact investing. It also set out three strategic approaches: 1) building conviction and buy-in for transformation toward impact orientation; 2) expanding

and raising the quality of the definition of “impact finance”; and 3) strengthening cross-asset-class collaboration around social and environmental challenges⁹⁴.

C. Membership Profile

As of October 2025, participation includes:

Signatory financial institutions: 66

Supporting signatories: 8

Supporting organizations: 10

Special supporting organizations: 1

Special sponsors: 1

D. Relationships with Other Organizations

The Initiative has supporting organizations that include GIIN, GSG Impact, Impact Frontiers, and PRI⁹⁵.

3.3 Impact Investing Policies and Regulations in Selected Countries

In this section, we examine the status of policies and regulations concerning impact investing in the following countries and regions⁹⁶. These locations were selected based on the home countries of the overseas pension funds featured in the case studies (Chapter 5).

- ① United States
- ② Australia
- ③ European Union
- ④ The Netherlands
- ⑤ United Kingdom
- ⑥ France
- ⑦ Sweden
- ⑧ Japan

⁹⁴ Japan Impact-Driven Financing Initiative (2025) “Japan Impact-Driven Financing Initiative Theory of change/ Mid-Term Management Plan” (in Japanese)

⁹⁵ Japan Impact-Driven Financing Initiative (n.d.) “Japan Impact-driven Financing Initiative” <https://www.impact-driven-finance-initiative.com/en/> (last accessed January 9, 2026)

⁹⁶ The yen conversion of foreign currency amounts in this section is based on the exchange rate published by the Bank of Japan in December 2025 (1 USD = 155 JPY, 1 EUR = 180 JPY, 1 AUD = 101 JPY, 1 GBP = 203 JPY).

① United States

A. Market Size and Characteristics

US SIF reports that assets marketed as sustainable/ESG investing reached USD 6.6 trillion as of the end of 2025. The same report notes that 53% of respondents expected moderate or strong growth over the next year, down from 73% in the prior year's responses⁹⁷.

GSG Impact estimates the U.S. impact investing market size at USD 550 billion as of 2024⁹⁸. Over the past 15 years, the market has expanded substantially and spans a wide range of asset classes, risk–return profiles, and impact investing areas. The ecosystem includes impact investors and funds, community investing activities and other non-profit financial intermediaries, and impact-oriented businesses.

B. Relevant Policies and Regulations

The U.S. policy and regulatory environment has been shifting following the 2025 change in administration. Under the Biden administration, policies related to housing supply, climate action, and green industrial investment were advanced, creating tailwinds for parts of the impact investing market. Under the second Trump administration, measures such as curtailing decarbonization tax incentives may create headwinds for market growth.

[Policies under the Biden administration]

The “Housing Supply Action Plan,” announced in May 2022, aims to address the housing shortage. This plan includes investments, legislative measures, and administrative actions to create and preserve hundreds of thousands of affordable housing units over the next three years and to close the housing supply gap within five years⁹⁹.

The “Inflation Reduction Act (IRA),” enacted in August 2022 to encourage investment in green industries, is the most significant climate legislation in U.S. history and aims to promote investment in green industries. The law provides tax incentives for renewable energy and clean technologies, creating powerful incentives for companies and investors to accelerate their decarbonization efforts.

⁹⁷ US/SIF (2025) “US Sustainable Investing Trends 2025/2026 - Executive Summary”

⁹⁸ GSG Impact (2025) “Impact Economies Traction & Trends: Insights from 34 GSG National Partners”

⁹⁹ The White House (2022) “President Biden Announces New Actions to Ease the Burden of Housing Costs” <https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2022/05/16/president-biden-announces-new-actions-to-ease-the-burden-of-housing-costs/> (last accessed January 9, 2026)

Around the same time, the Biden administration established the “Nature-Based Solutions (NbS) Roadmap” to tackle climate change through NbS (e.g., wildfire prevention, conservation and restoration of forests and grasslands, urban greening, and ecosystem protection)¹⁰⁰.

In April 2024, the Environmental Protection Agency (EPA) announced the selection of USD 20 billion in grants through the Greenhouse Gas Reduction Fund (GGRF), which aims to support clean energy production and reduce greenhouse gas emissions, as well as to build a national climate finance intermediary network, including USD 14 billion allocated to distributed energy generation and storage, net-zero buildings, and zero-emission vehicle infrastructure in low-income and disadvantaged communities¹⁰¹.

[Under the second Trump administration]

In March 2025, EPA Administrator Lee Zeldin halted implementation of the USD 20 billion GGRF grants and notified recipients of contract terminations for the National Clean Investment Fund and the Clean Communities Investment Accelerator based on significant concerns about misalignment with EPA priorities¹⁰².

In July 2025, the “One, Big, Beautiful Bill Act” included provisions to reduce IRA-related decarbonization tax credits.

C. Key Players and Initiatives

GIIN was established in the United States in 2009 by foundations, asset managers, and financial institutions centered around the Rockefeller Foundation and has served as a central global hub for market building, including issuance of annual market reports and management tools. GIIN now serves the secretariat of OPIM and works to expand impact investing globally and ensure its quality. By region, the United States has the second-highest number of OPIM signatories, following Europe.

Impact Capital Managers (ICM) is a U.S./Canada-based network supporting fund managers’ collaboration and IMM practice among funds based in the United States and Canada. Toniic, founded in San Francisco in 2010, convenes high-net-worth individuals,

¹⁰⁰ Nicholas Institute for Energy, Environment & Sustainability (2023) “Nature-Based Solutions Roadmap”

¹⁰¹ GSG Impact (2025) “Impact Economies Traction & Trends: Insights from 34 GSG National Partners”

¹⁰² U.S. Environmental Protection Agency (2025) “Administrator Zeldin Terminates Biden-Harris \$20B ‘Gold Bar’ Grants” <https://www.epa.gov/newsreleases/administrator-zeldin-terminates-biden-harris-20b-gold-bar-grants> (last accessed January 9, 2026)

family offices, and foundations globally to pursue social and environmental impact through their portfolios (see Section 3.2 for details).

② Australia

A. Market Size and Characteristics

Australia's impact investing market has expanded rapidly, from USD 20 billion in 2020 to USD 157 billion in 2025¹⁰³. Within this total, green, social and sustainability (GSS) bonds account for USD 145 billion, representing the largest share. Key sectors include renewable energy, affordable housing, and healthcare.

While GSS bond investment is largely driven by institutional investors, Australia's impact investor base has historically been characterized by the strong presence of philanthropic foundations and family offices. If specialized intermediaries expand to support impact-oriented enterprises with advisory services and financing solutions, broader private capital entry and increased institutional allocations are expected¹⁰⁴.

B. Relevant Policies and Regulations

In 2023, the Department of Foreign Affairs and Trade established Australian Development Investments (ADI), an AUD 250 million impact investment fund, building on the Emerging Markets Impact Investment Fund (EMIIF) pilot. ADI provides early-stage concessional capital to promising impact funds in the Indo-Pacific region (e.g., Vietnam, Indonesia, the Philippines, Bangladesh).

These funds prioritize sustainable development and climate impacts and aim to provide capital to SMEs that deliver climate and gender-equality outcomes in the region¹⁰⁵.

C. Key Players and Initiatives

¹⁰³ Impact Investing Australia (2025) "Impact investing surges eightfold + COP30 and COP31 + \$6 billion in new impact commitments" <https://impactinvestingaustralia.com/impact-investing-surges-eightfold-cop30-and-cop31-6-billion-in-new-impact-commitments/> (last accessed January 9, 2026)

¹⁰⁴ GSG Impact (2025) "Impact Economies Traction & Trends: Insights from 34 GSG National Partners"

¹⁰⁵ Australian Government (n.d.) "Australian Development Investment" <https://adi.fund/> (last accessed January 9, 2026)

Six leading trusts and foundations in Australia launched the Endowments for Impact Challenge (EFIC), an open-competition mechanism totaling USD 170 million designed to provide high-quality practitioner insights to trusts and foundations¹⁰⁶.

Philanthropy Australia established the Foundations Group for Impact Investing (FGII) in 2023, modeled on the UK Association of Charitable Foundations' Social Impact Investors Group. As of 2024, FGII had more than 50 members, with more than USD 10 billion invested—about 20% of an estimated USD 50 billion in total foundation assets invested in Australia¹⁰⁷.

③ European Union

A. Market Size and Characteristics

The EU adopted the Sustainable Finance Action Plan in 2018 and has played a global leadership role in sustainable finance regulation, including standards and disclosure frameworks. At the same time, concerns have emerged that excessive disclosure requirements may impose costs and reduce competitiveness, prompting moves toward simplification.

Impact investing in the EU began to expand from the late 2000s and has recently at a pace surpassing North America. GIIN estimates that Western, Northern and Southern Europe accounted for 53% of global impact investing AUM in 2024, at approximately USD 832.6 billion¹⁰⁸. Over 2019–2025, the average annual growth rate was highest for Western/Northern/Southern Europe (38%), followed by North America (34%)¹⁰⁹.

B. Relevant Policies and Regulations

The EU has strengthened corporate sustainability disclosure, including the disclosure of non-financial information related to environmental issues, human rights, and anti-corruption, through the Corporate Sustainability Reporting Directive (CSRD) (2021). Under the "Action Plan on Sustainable Finance", the EU began developing the "EU Taxonomy"—a classification system designed to define whether economic activities are environmentally sustainable. To

¹⁰⁶ Philanthropy Australia (2024) "The Endowments for Impact Challenge: aligning investments with mission" <https://www.philanthropy.org.au/news-and-stories/the-endowments-for-impact-challenge-aligning-investments-with-mission/> (last accessed January 9, 2026)

¹⁰⁷ Philanthropy Australia (2024) "The Endowments for Impact Challenge: aligning investments with mission" <https://www.philanthropy.org.au/news-and-stories/the-endowments-for-impact-challenge-aligning-investments-with-mission/> (last accessed January 9, 2026)

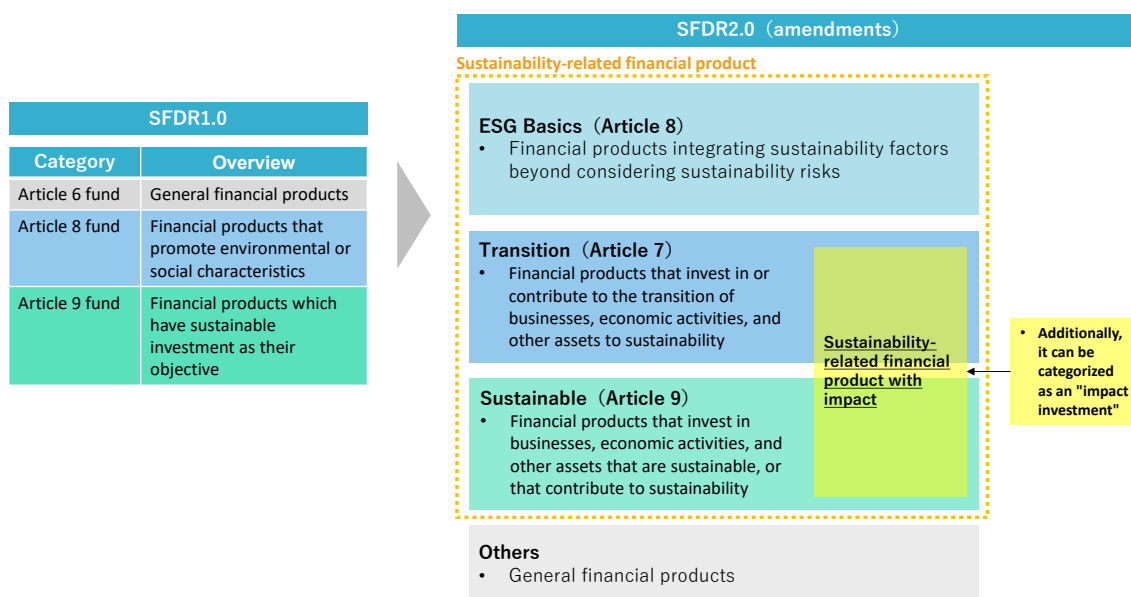
¹⁰⁸ GIIN (2024) "Sizing the Impact Investing Market 2024"

¹⁰⁹ GIIN (2025) "State of the Market 2025: Trends, Performance and Allocations"

prevent greenwashing and promote investment in truly sustainable activities, companies are now required to disclose information such as the proportion of their business activities aligned with the EU Taxonomy.

For financial market participants, the Sustainable Finance Disclosure Regulation (SFDR) came into force in 2021 to improve transparency and reduce greenwashing. In practice, however, SFDR has often been used as a de facto product labeling framework, and definitional ambiguity has raised concerns about greenwashing, prompting a review. In 2025, the European Commission published a legislative proposal to revise SFDR (often referred to as “SFDR 2.0”). The proposal reorganizes product categories from the earlier “Article 8” and “Article 9” usage into three categories: ESG Basic (Article 8), Transition (Article 7), and Sustainable (Article 9).

Figure 3-17 Proposed Revisions to the Sustainable Finance Disclosure Regulation (SFDR)



Source: Adapted from European Commission (2025) “Legislative proposal to review the Sustainable Finance Disclosure Regulation (SFDR),” among others.

- **Transition (Article 7)** - Financial products that invest in or contribute to the transition of businesses, economic activities, and other assets toward sustainability
- **ESG Basics (Article 8)** - Financial products that integrate sustainability factors beyond the consideration of sustainability risks
- **Sustainable (Article 9)** - Financial products that invest in businesses, economic activities, and other assets that are sustainable, or that contribute to sustainability

The following requirements apply to all three categories under “SFDR 2.0”.

- 70% rule: At least 70% of the portfolio must be aligned with sustainability-related objectives consistent with each category
- Establishment of exclusion criteria (e.g., weapons, tobacco, coal-related industries)

Furthermore, “SFDR 2.0” explicitly refers to "impact investing" for the first time. For Articles 7 and 9, products can be categorized as "impact investing" if they provide the following additional disclosures.

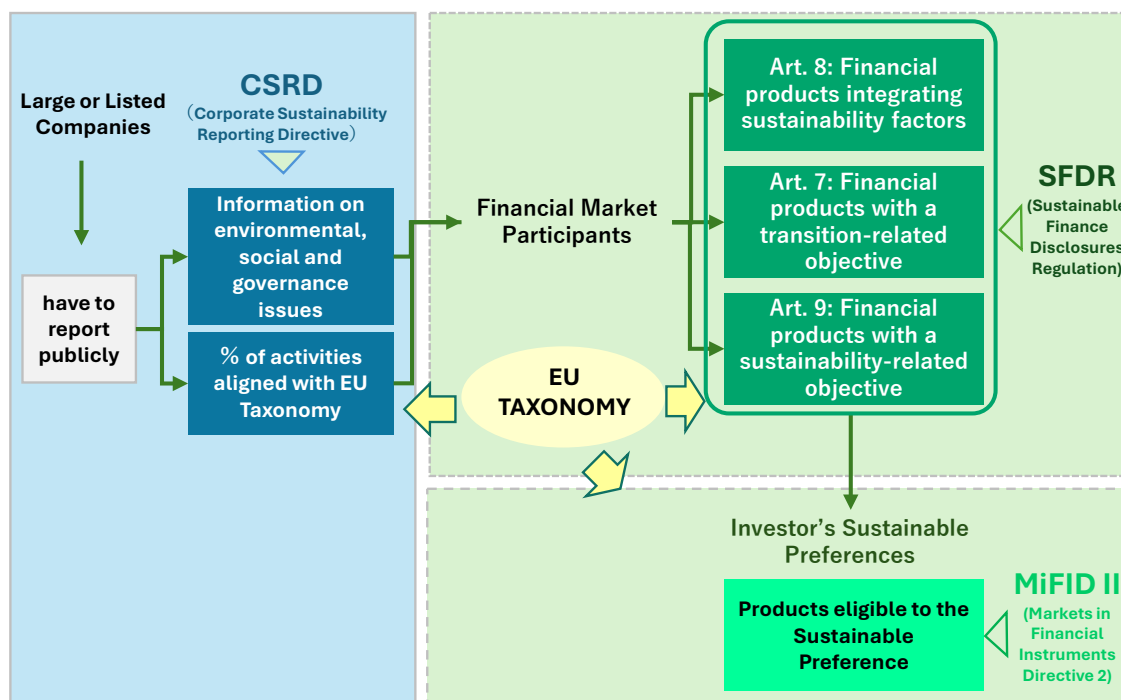
- (a) the intended impacts in terms of specified environmental or social objectives, underpinned by a pre-set impact theory
- (b) mechanisms to measure, manage, and report on the desired impact pursuant to point (a), including consideration of investments by the financial product and the contribution of investors in the financial product

The European Commission requires Article 7 and Article 9 funds to demonstrate “intentionality” and “measurability.” It is expected to mandate specific disclosures for each category, including for those pursuing impact investing objectives. “SFDR 2.0” is moving toward formally recognizing impact investing and strengthening measurement obligations; as a result, while the European impact investing market will see enhanced transparency and credibility, asset managers will be required to meet stricter standards and demonstrate robust data capabilities.

The EU also amended MiFID II as a broad investor-protection regime, requiring distributors to assess clients’ sustainability preferences and, where preferences align with EU Taxonomy investments or SFDR sustainable investments, to require investors to specify minimum portfolio shares aligned with those categories¹¹⁰.

¹¹⁰ European Union (2021) “Commission Delegated Regulation (EU) 2021/1253 of 21 April 2021 amending Delegated Regulation (EU) 2017/565 as regards the integration of sustainability factors, risks and preferences into certain organizational requirements and operating conditions for investment firms”

Figure 3-18 Overview of of Sustainability Disclosure Regulations



Source: Compiled from various materials

Through these regulations, a framework that places customers’ sustainability and impact preferences at the core of investment has been institutionalized, creating a system that supports impact investing from both policy and practical perspectives.

C. Key Players and Initiatives

Impact Europe (formerly EVPA) is a key European market-building organization, providing best-practice sharing, networking, policy advocacy, research, and capacity building programs. It works with policy authorities, financial institutions, and international organizations across EU member states to strengthen impact investing standards and ecosystems (see Section 3.2 for details on Impact Europe).

④ The Netherlands

A. Market Size and Characteristics

The Netherlands is often positioned as one of the leading “impact economies” with a well-developed impact investing ecosystem. A March 2022 report by the Netherlands Advisory Board on Impact Investing (NAB) and KPMG estimates the Dutch impact investing market

at EUR 150–180 billion, representing 4–6% of total assets under management in the Netherlands¹¹¹.

The market has been growing and has been driven by institutional investors. According to a report by GSG Impact, key themes include energy transition, affordable housing, circular economy, and biodiversity¹¹².

The NAB/KPMG report surveyed 38 impact investors in the Netherlands (including pension funds (3), asset managers (23), public investors (4), insurers (1), charitable trusts/foundations (3), family offices (2), and others (2)). It found that impact investing across those investors amounted to EUR 116 billion. Pension funds managed EUR 76 billion, accounting for the majority, asset managers EUR 25 billion, and public investors EUR 12 billion.

The report also found that, on average, these investors allocate 10% of their total assets to impact investing. The report analyzes these 38 investors by dividing them into eight large institutional investors and 30 smaller, more specialized non-institutional investors. Non-institutional investors allocated 44% of their assets to impact investing, while institutional investors allocated roughly 4–6%. These results suggest that further expansion of impact investing is desirable. Across both groups, investors focused most frequently on SDG 13 (Climate Action), SDG 8 (Decent Work and Economic Growth), and SDG 7 (Affordable and Clean Energy)¹¹³.

B. Relevant Policies and Regulations

The Future Pensions Act, implemented in 2023, is a major pension reform law with transition to the new system planned by 2028. The move toward a defined-contribution-type framework is expected to raise participants' attention to pension investment approaches and may support growth of sustainable investment including impact investing.

In 2024, Dutch tax authorities issued a decision on “Algemeen Nut Investeren” (public benefit investments)¹¹⁴. Under this decision, ANBI (a public benefit organization

¹¹¹ NAB and KPMG (2022) “ARE WE PUNCHING BELOW OUR WEIGHT? Impact investing in the Netherlands: status quo, barriers and ways to unleash further growth”

¹¹² GSG Impact (2025) “Impact Economies Traction & Trends: Insights from 34 GSG National Partners”

¹¹³ Netherlands Advisory Board on Impact Investing (NAB) (n.d.) “State of the Dutch impact investing sector” <https://www.nabimpactinvesting.nl/post/state-of-the-dutch-impact-investing-sector> (last accessed January 9, 2026)

¹¹⁴ Staatssecretaris van Financiën (2024) “Besluit algemeen nut investeringen” <https://zoek.officielebekendmakingen.nl/stcrt-2024-8860.html> (last accessed January 9, 2026)

status) entities—which previously faced constraints on asset holdings and investing—are enabled to make investments for public benefit purposes while retaining tax advantages. This creates enabling conditions for ANBI entities to undertake impact investing.

C. Key Players and Initiatives

NAB (Netherlands Advisory Board on Impact Investing) promotes awareness, research, and policy engagement to address barriers and convenes ecosystem stakeholders. It also drives financial-sector capability building to encourage more retail and institutional investors to allocate capital to impact investing.

From 2024, NAB partnered with CoFoF (Co-Financing our Future), a peer-to-peer impact investing community, to build a national-level platform for Dutch impact investing¹¹⁵. NAB also obtained ANBI status in 2021 and has engaged in policy dialogue to support the 2024 decision and broader enabling conditions for ANBI-led impact investing¹¹⁶.

⑤ United Kingdom

A. Market Size and Characteristics

A market-sizing study by Impact Investing Institute, an intermediary organization supporting the development of the impact investing market, estimates that the UK impact investing market grew from GBP 57.6 billion in 2020 to GBP 76.8 billion in 2023¹¹⁷. Drivers include strong public and investor awareness of social and environmental issues and regulatory developments such as final rules for sustainability disclosure requirements and investment labels.

The UK has played a leading role globally in the development of impact investing. The G8 Social Impact Investment Taskforce was established in 2013 as part of a forum held alongside the G8 Summit during the UK’s presidency, following a call by then-Prime Minister David Cameron¹¹⁸ and served as the foundation for what became GSG Impact (see Section 3.2 for details on GSG Impact).

¹¹⁵ Netherlands Advisory Board on Impact Investing (NAB) (n.d.) “Who we are” <https://www.nabimpactinvesting.nl/who-we-are> (last accessed January 9, 2026)

¹¹⁶ Netherlands Advisory Board on Impact Investing (NAB) (n.d.) “ANBI” <https://www.nabimpactinvesting.nl/anbi> (last accessed January 9, 2026)

¹¹⁷ Impact investing institute (2024) “The UK impact investing market: Size, scope, and potential”

¹¹⁸ GOV.UK (n.d.) “Social Impact Investment Taskforce” <https://www.gov.uk/government/groups/social-impact-investment-taskforce> (last accessed January 9, 2026)

In recent years, pension funds have become increasingly important actors. Under the Local Government Pension Scheme (LGPS), multiple local authority pension funds exist; some have pursued place-based impact investing. The market has also progressed in the expansion of blended finance and in fund development incorporating just transition criteria.

B. Relevant Policies and Regulations

In 2021, with support from the UK as G7 chair, the Impact Taskforce was established. To drive the expansion of the impact investing market, the Impact Taskforce proposed the establishment of mandatory accounting standards for impact creation and cooperation with the IFRS-ISSB (International Sustainability Standards Board) in developing reporting standards for impacts linked to enterprise value¹¹⁹.

Following its departure from the EU, the UK has advanced its own sustainability disclosure regulations. In 2023, the Financial Conduct Authority (FCA) published final rules for the Sustainability Disclosure Requirements (SDR) and investment labels. Learning from challenges in the EU's SFDR, the UK introduced SDR explicitly as a fund labeling regime from the outset, with the aim of improving the credibility and transparency of investment products, establishing four labels (Figure 3-19) to distinguish investment funds with different sustainability objectives and including "Sustainability Impact" for funds targeting predefined environmental and social impacts¹²⁰. Strict conditions are set for obtaining these labels, including clearly defining sustainability objectives at the fund level¹²¹. This label was adopted by some retail funds in 2024 and is beginning to be implemented by several UK asset managers.

¹¹⁹ Impact Taskforce (n.d.) "Impact Taskforce" <https://www.impact-taskforce.com> (last accessed January 9, 2026)

¹²⁰ FCA (2023) "Policy Statement PS23/16 Sustainability Disclosure Requirements (SDR) and investment labels"

¹²¹ FCA (2025) "Sustainable investment labels and anti-greenwashing" <https://www.fca.org.uk/consumers/sustainable-investment-labels-greenwashing> (last accessed January 9, 2026)

Figure 3-19 Fund Labels by FCA

label	overview
<p>Sustainability Focus</p>	<p>These funds invest mainly in assets that focus on sustainability for people or the planet.</p> <p>E.g., activities that support the production of energy such as solar, wind, and hydrogen</p>
<p>Sustainability Improvers</p>	<p>These funds invest mainly in assets that may not be sustainable now but aim to improve their sustainability.</p> <p>E.g., investments in companies that are on a credible path to reducing carbon emissions, or are committed to improving social standards such as human rights</p>
<p>Sustainability Impact</p>	<p>These funds invest mainly in solutions to sustainability problems with an aim of achieving a positive impact for people or the planet.</p> <p>E.g., renewable energy generation and social housing</p>
<p>Sustainability Mixed Goals</p>	<p>These funds invest mainly in a mix of assets that either focus on sustainability, aim to improve their sustainability over time, or aim to achieve a positive impact for people or the planet.</p> <p>E.g., a mixture of investments from the labels above (Focus, Improvers, Impact)</p>

Source: Adapted from FCA (2025) “Sustainable investment labels and anti-greenwashing” <https://www.fca.org.uk/consumers/sustainable-investment-labels-greenwashing> (last accessed January 9, 2026)

To further promote impact investing, the UK government has also strengthened its institutional framework. In February 2025, the Social Impact Investment Advisory Group (SIIAG) was established, led by the UK Chancellor of the Exchequer and the Secretary of State for Culture, Media and Sport, to address domestic social challenges and support economic renewal. Following SIIAG’s final report (published in November 2025), which recommended establishing a dedicated unit at the center of government, a new Office for the Impact Economy was created to strengthen strategic engagement with the impact economy and support impact-oriented business growth as part of national renewal¹²².

¹²² GOV.UK (n.d.) “Office for the Impact Economy” <https://www.gov.uk/government/groups/office-for-the-impact-economy> (last accessed January 9, 2026)

In March 2025, providers of workplace pensions such as NatWest Cushon and others emphasized the need for a new legal interpretation¹²³ and clarity regarding fiduciary duty, arguing that factors such as healthcare quality, social welfare, access to clean energy, and infrastructure affect retirees' living standards and should be considered. They also noted the need to clarify how broader issues such as climate change, which affect future economic and social conditions, should be taken into account. In December 2025, the government indicated an intention to introduce legislation to enable statutory guidance clarifying considerations for trustees of trust-based pension schemes, including systemic risks such as climate change, and how factors such as living standards can be taken into account in investment decision-making, with the aim of providing practical support¹²⁴.

C. Key Players and Initiatives

The UK government has historically led the promotion of impact investing, including the world's first adoption of public-private Social Impact Bonds (from 2010) and the establishment of a taskforce in 2013 following a call by the Prime Minister to expand impact investing. The City of London has also stated that the UK should become a hub for impact investing¹²⁵ and, in March 2025, co-published a white paper with BVCA, Impact Investing Institute, and Better Society Capital (BSC), noting that strengthening the UK's position as a central hub for impact investing could help address domestic challenges such as healthcare, clean energy, and inequality¹²⁶.

GSG Impact, an international network organization dedicated to promoting impact investing, originated from the aforementioned G8 Social Impact Investment Taskforce and is headquartered in London. Serving as a global hub that supports National Partners, it drives

¹²³ PENSIONS Age (2025) "'Groundbreaking' legal opinion provides further clarity on fiduciary duty rules" <https://www.pensionsage.com/pa/legal-opinion-provides-further-clarity-on-fiduciary-duty-rules.php> (last accessed January 9, 2026)

¹²⁴ GOV.UK (2025) "Trust-based pension schemes: Trustees and governance, building a stronger future" <https://www.gov.uk/government/consultations/trust-based-pension-schemes-trustees-and-governance-building-a-stronger-future/trust-based-pension-schemes-trustees-and-governance-building-a-stronger-future> (last accessed January 9, 2026)

¹²⁵ City of London Corporation (2024) "Make UK specialized impact investing hub to unlock private capital for social and environmental challenges, City of London Corporation urges" <https://news.cityoflondon.gov.uk/make-uk-specialised-impact-investing-hub-to-unlock-private-capital-for-social-and-environmental-challenges-city-of-london-corporation-urges> (last accessed January 9, 2026)

¹²⁶ City of London Corporation (2025) "Delivering Government missions using impact-led venture capital and private equity"

the global expansion of impact investing. The Principles for Responsible Investment (PRI) Secretariat is also based in London (see Section 3.2 for details). The UK government has expressed its support for the PRI since its inception, also supporting its principles through policy measures

The Impact Investing Institute is a non-profit organization that has played a key role in shaping the impact investing market in the UK. It engages in policy advocacy to improve IMM and to expand and deepen impact investing. Since 2017, it has also served as the representative for the GSG National Partner UK. The Institute introduced the concept of “place-based impact investing” (PBII) and, in December 2025, published practical guidelines titled “Place-Based Impact Investing: Ambition to Action”¹²⁷. Furthermore, it has established criteria for “just transition” and is conducting pilot programs to implement these standards in actual funds.

Another key institution driving the expansion of the impact investing market in the UK is Better Society Capital. Following the enactment of legislation on dormant accounts in 2008, Big Society Capital (now Better Society Capital: BSC) was established in 2012 as a wholesaler providing funds derived from dormant accounts to private-sector impact investment funds. BSC has provided more than GBP 11 billion to organizations addressing poverty and inequality and has contributed to the expansion of the impact investing market¹²⁸. BSC has also, since its establishment, supported blended finance, committing over GBP 148 million to 33 blended finance funds¹²⁹.

Pensions for Purpose promotes impact investing among pension funds through research, information dissemination, training, events, and other activities and has participated in place-based impact investing research with other organizations. In collaboration with The Good Economy and the Impact Investing Institute, Pensions for Purpose conducted a PBII research project and published the report “Scaling Up Institutional Investment for Place-Based Impact” in 2021¹³⁰.

¹²⁷ Impact investing Institute (2025) “Place-Based Impact Investing: Ambition to Action” <https://www.impactinvest.org.uk/resources/publications/place-based-impact-investing-ambition-to-action/> (last accessed January 9, 2026)

¹²⁸ Better Society Capital (n.d.) “About us” <https://bettersocietycapital.com/about-us/> (last accessed January 9, 2026)

¹²⁹ Better Society Capital (n.d.) “Our approach to blended finance” <https://bettersocietycapital.com/our-approach/social-lending/our-approach-to-blended-finance/> (last accessed January 9, 2026)

¹³⁰ The Good Economy (n.d.) “Place-Based Impact Investing Project” <https://thegoodeconomy.co.uk/collaborations/pbii-project/> (last accessed January 9, 2026)

⑥ France

A. Market Size and Characteristics

According to the annual survey by GSG France for Impact Finance (GSG France), French impact investing AUM in 2023 was EUR 34.6 billion¹³¹, more than doubling year-on-year¹³². The French government announced the national investment plan “France 2030” in 2021, with half of the EUR 54 billion budget allocated to decarbonization and the other half to investments in innovations and startups that reduce environmental impacts¹³³. According to GSG France's annual survey, the environment is the most common objective for impact investing within the country. GSG France survey results indicate that, among 86 investors allocating to unlisted assets, 35 targeted market-rate returns, 29 accepted below-market returns, and 12 aimed for above-market returns.

B. Relevant Policies and Regulations

France enacted a 2014 law on the Social and Solidarity Economy (Economie Sociale et Solidaire: ESS), introducing ESUS accreditation for social enterprises. ESS refers to economic activities focused on solving social challenges and improving quality of life rather than maximizing profit. Traditionally, ESS entities were limited to non-profits, cooperatives, mutuals, and foundations. However, with the enactment of the ESS Law, for-profit companies can now be recognized as ESS operators if their social contribution is validated. Accordingly, the French government introduced ESUS accreditation to formally designate such entities as “social enterprises”¹³⁴. The ESUS accreditation has supported the development of various mechanisms to channel investment into social enterprises and encourages market development. The French government enacted the Fabius Law in 2001 as part of employee savings schemes, establishing pension-related regulations. For example, “90/10 solidarity funds” are required to invest 5–15% of assets in social enterprises on a long-term basis, with the remainder (85–95%) in traditional assets. Certain tax-advantaged savings accounts also are required to allocate 5% of funds to ESUS-accredited entities, and tax incentives have been introduced for investments into ESUS-accredited companies.

¹³¹ GSG France for Impact Finance (2025) “Impact Finance Overview 2024”

¹³² NAB France (2023) “Overview of the French Impact Investment Market 2023”

¹³³ GOUV.FR (n.d.) “Qu'est-ce que France 2030? – France 2030” <https://www.info.gouv.fr/grand-dossier/france-2030/comprendre-france-2030> (last accessed January 9, 2026)

¹³⁴ ESS France (n.d.) “Qui sommes-nous?” <https://www.ess-france.org/> (last accessed January 9, 2026)

For investment products, France introduced the SRI (Socially Responsible Investment) label in 2016 as a certification regime for funds delivering measurable outcomes on environmental and social challenges. The label has been revised multiple times to strengthen climate ambition and address greenwashing concerns. From 2025, the third version of the SRI label came into force, introducing stricter screening criteria (including exclusions for oil, coal, and gas development companies), placing greater emphasis on effectiveness and outcomes, and strengthening requirements for the disclosure of ESG strategy results and ongoing ESG engagement with investee companies. Certification requires establishing measurable impact metrics aligned with fund ESG objectives, monitoring progress, disclosing implementation results, and undergoing an independent third-party audit by government-designated bodies¹³⁵ (Figure 3-20), through which certification is granted at the fund level.

¹³⁵ Label ISR (n.d.) “Label ISR - Pour des placements durables et responsables”
<https://www.lelabelisr.fr/> (last accessed January 9, 2026)

Figure 3-20 Criteria for Awarding the SRI Label

Pillar	Criteria
Pillar I : Define the desired objectives	The general, financial and specific ESG objectives targeted by taking ESG criteria into account in the investment policy are clearly described in the regulatory and commercial documents intended for investors.
Pillar II : Implement an analysis methodology	The ESG assessment methodology is clearly described and the fund management company demonstrates its ability to take these criteria into account in its investment policy. The fund's management company puts in place reliable internal or external resources to conduct its analysis and demonstrates a real effort to analyze and understand the information it has at its disposal.
Pillar III : Build and manage the portfolio	The ESG strategy is explicitly defined, and the result of the implementation of this strategy is measured. The fund specifies how it takes into account the results of its ESG analysis in its investment decisions, stock selection and management processes.
Pillar IV : Engaging stakeholders	The fund presents its voting policy at the general meetings of the companies in which it has invested and publishes its voting policy on its website.
Pillar V : Informing investors and savers	The fund communicates its strategy and the results of its implementation to investors in a clear and transparent manner and sets up an appropriate mechanism to monitor compliance with its commitments.
Pillar VI : Assessing the impacts of the approach	The fund communicates on the evolution of the ESG performance of each company in which it has invested. It sets up a measurement and monitoring system to assess the positive impacts of the strategy implemented.

Source: Adapted from Label ISR (n.d.) “Les critères d’attribution du label ISR” <https://www.lalabelisr.fr/label-isr/criteres-attribution/> (last accessed January 9, 2026)

C. Key Players and Initiatives

French financial institutions advanced sustainable investing early; as greenwashing regulation strengthened, there has been a growing emphasis on impact—i.e., tangible outcomes on environmental and social challenges.

A key public actor is Caisse des Dépôts (CDC), which, under the French government’s national action plan for ecological transition, “France Nation Verte,”¹³⁶ set a

¹³⁶ GOUV.FR (n.d.) “La planification écologique” <https://www.info.gouv.fr/grand-dossier/france-nation-verte> (last accessed January 9, 2026)

goal to allocate EUR 100 billion (2024–2028) to projects addressing environmental and social challenges to support the transition to a decarbonized and resilient economy¹³⁷.

Private financial institutions have also been expanding impact investing. Several asset managers are deploying impact investments at the scale of hundreds of millions of euros, and banks and insurance companies are also expanding the adoption of impact-related instruments, including transition finance, positive impact loans, and private-debt impact funds designed to generate impact.

As part of efforts to support social enterprises, ecosystem actors include Impact France, which builds networks for impact startups and support organizations¹³⁸. In terms of impact investing market development, Institut de la Finance Durable, which conducts research, policy advocacy, and networking on sustainable finance, established an Impact Commission in 2021 to develop an impact investor charter (principles for labeling impact funds) and to advance impact measurement methods¹³⁹.

⑦ Sweden

A. Market Size and Characteristics

Sweden does not publish official surveys or industry estimates of total impact investing scale for Sweden alone, but it is characterized by significant capital flows into impact startups. It is reported that around half of venture capital investments made domestically in 2023 went to impact startups¹⁴⁰, with large funding directed to climate tech firms with technologies to address climate change. Across the Nordics, VC investment into impact startups was around EUR 650 million in 2024, of which Swedish companies raised around EUR 455 million¹⁴¹.

¹³⁷ CDC (2025) “Green, Social, or Sustainable Financing Framework”

¹³⁸ Impact France (n.d.) “Qui sommes-nous?” <https://www.impactfrance.eco/qui-sommes-nous> (last accessed January 9, 2026)

¹³⁹ Institut de la Finance Durable (n.d.) “Impact Commission” <https://institutdelafinancedurable.com/en/groupe-travail/impact-commission/> (last accessed January 9, 2026)

¹⁴⁰ Impact Europe (2025) “Executive Primer: Nordic Impact 2025” https://www.impacteurope.net/insights/executive-primer-nordic-impact-2025?utm_source=chatgpt.com (last accessed January 9, 2026)

¹⁴¹ Impact Loop (n.d.) “Nordic impact startups draw record investment despite market cooling” https://www.impactloop.com/artikel/nordic-impact-startups-draw-record-investment-despite-market-cooling?utm_source=chatgpt.com (last accessed January 9, 2026)

The Swedish state and actors such as Kommuninvest (a lending institution for municipalities) and SEB (one of the largest commercial banks) have actively used green bonds to accelerate the adoption of renewable energy. In Sweden, renewables represent about 66% of final energy consumption (2023), one of the highest shares in the EU. The state development finance institution Swedfund has invested approximately USD 0.9–1.0 billion in renewable energy.

B. Relevant Policies and Regulations

Sweden’s public pension funds are governed by the Swedish National Pension Funds Act and are managed under it. A 2019 amendment revised investment policy and incorporated responsible investment principles¹⁴². It added as a new objective to support sustainable development, requiring AP funds to manage assets “in an exemplary manner” as a model for other institutional investors. This objective is to be achieved through responsible investment and responsible ownership.

In 2020, AP funds were permitted to hold voting rights in unlisted equities, increasing room for allocations to private equity and other private assets.

An ethics council common to AP funds applies exclusions from companies that violate social norms on human rights, labor issues, environmental issues, and corruption.

The Swedish government also requires AP funds to make investments aligned with Sweden’s national goal of achieving carbon neutrality by 2045.

C. Key Players and Initiatives

Sweden’s GSG National Partner, the Swedish National Advisory Board for Impact Investing, supports market development by developing definitions of impact, establishing guidelines for impact measurement, and sharing best practices among members¹⁴³.

A prominent player in the impact investing market is the Norrskan Foundation, established to support businesses emphasizing social contribution and sustainability and to build networks of social entrepreneurs. Norrskan provides mentorship, funding, and

¹⁴² Council on Ethics for the Swedish National Pension Funds (n.d.) “About the AP Funds” <https://etikradet.se/en/about-the-council-on-ethics/the-ap-funds/> (last accessed January 9, 2026)

¹⁴³ The Swedish National Advisory Board for Impact Investing (n.d.) “We work to grow the impact economy” <https://www.swedishnab.se/> (last accessed January 9, 2026)

networking programs for impact startups¹⁴⁴. Norrsken VC, launched by the Norrsken Foundation in 2017, operates as one of Europe’s largest impact-focused venture capital firms. Its Fund II, established in 2024, reportedly received LP commitments from AP1 and the European Investment Fund (EIF)¹⁴⁵, and, in collaboration with the Norrsken Foundation, contributes to the development of Sweden’s impact investing ecosystem.

⑧ Japan

A. Market Size and Characteristics

According to the annual report “Current State and Challenges of Impact Investing in Japan” by GSG Impact JAPAN National Partner (GSG Japan), Japan’s impact investing outstanding balance reached JPY 17.3 trillion in FY2024, 1.5 times the previous year¹⁴⁶. Given that the outstanding balance in 2020 was JPY 512.6 billion, the market has expanded by approximately 34 times over the past four years (see Section 3.1 for details). By contrast, Japan’s sustainable investment balance is much larger—approximately JPY 625 trillion as of end-March 2024¹⁴⁷—indicating that the impact investment market remains relatively small compared with the sustainable investment market.

Compared with overseas markets, Japan is characterized by a relatively high reliance on indirect finance, centered on bank lending, while direct finance—particularly the market for startup investment—remains comparatively small.

GSG Japan’s annual report further indicates that, when Japan’s impact investing is viewed by asset class on an outstanding-balance basis, bonds and debt account for a large share. One factor commonly cited for this high share is that, in Japan, major banks and life insurers often classify debt financing provided to listed companies that pursue solutions to social challenges as “impact investments.” In addition, Japan is characterized by the growing

¹⁴⁴ Norrsken (n.d.) “Be part of the solution” <https://www.norrsken.org/> (last accessed January 9, 2026)

¹⁴⁵ TFN (2024) “Norrsken VC closes Fund II at €320M to back impact entrepreneurs in Europe” <https://techfundingnews.com/norrsken-vc-closes-fund-ii-at-e320m-to-back-impact-entrepreneurs-in-europe/> (last accessed January 9, 2026)

¹⁴⁶ GSG Impact JAPAN National Partner (2025) “Current State and Challenges of Impact Investing in Japan—FY2024 Survey”

¹⁴⁷ Japan Sustainable Investment Forum (2025) “Sustainable Investing White Paper 2024” (in Japanese)

use—particularly among regional financial institutions—of lending practices aligned with the Principles for Positive Impact Finance by UNEP Finance Initiative (UNEP FI), as well as sustainability-linked loans, under which sustainability targets are set in advance and loan terms are linked to the borrower’s progress toward achieving those targets.

B. Relevant Policies and Regulations

In Japan, the Ministry of the Environment played an early role in building sustainable finance guidance, issuing the Green Bond Guidelines in 2017 and publishing “Concept Paper on Impact Finance” in 2020, which explains the significance, rationale and basic process for impact finance for financial institutions and investors¹⁴⁸. In 2021, the Ministry also published the “Impact Evaluation Guide Starting from Green”, which draws on international initiatives and tools and explains practical steps applicable across diverse asset classes¹⁴⁹.

Impact investing became a formal policy agenda item in Japan beginning in 2021, triggered by references to impact investing in then-Prime Minister Kishida’s policy speech. In June 2022, the Cabinet approved both “Grand Design and Action Plan for a New Form of Capitalism” and “Basic Policy on Economic and Fiscal Management and Reform 2022”. These documents explicitly positioned the promotion of impact investing as a government policy direction, initiating a cross-government approach that included the Prime Minister’s Office.

In October 2022, the Financial Services Agency (JFSA) established a Working Group on Impact Investment under the Expert Panel on Sustainable Finance. The group developed core concepts and to guide stakeholders, including capital providers and recipients, involved in impact investing, and in 2024 the FSA published the “Basic Guidelines on Impact Investing (Impact Finance)”. The Guidelines define impact investment as “an investment that intends to realize social or environmental impact, at the same time to secure financial return,” and they set out four basic elements considered desirable for impact investing (see Section 2.2.2 for details)¹⁵⁰.

In the Grand Design and Action Plan for a New Form of Capitalism 2024 Revised Version, it is also explicitly stated that “the consideration of non-financial factors, including impact, by GPIF, mutual aid associations, etc., when making investments, from the viewpoint

¹⁴⁸ Ministry of the Environment, Japan (2020) “Concept Paper on Impact Finance”

¹⁴⁹ Ministry of the Environment, Japan (2021) “Impact Evaluation Guide Starting from Green”

¹⁵⁰ Financial Services Agency (Japan) (2024) “Basic Guidelines on Impact Investment (Impact Finance)”

of improving medium- to long-term investment returns, does not constitute "consideration of irrelevant matters" in the same way as ESG considerations"¹⁵¹.

As part of the legal and institutional framework related to impact investing, the Act on Utilization of Funds Related to Dormant Deposits to Promote Public Interest Activities by the Private Sector (the "Dormant Deposits Utilization Act"), enacted in 2016, was amended in 2023 to allow investments in fund-distribution organizations, including funds. Investments of approximately JPY 1 billion per year (with an upper limit of JPY 1.5 billion) are being made into funds and similar vehicles aimed at generating social impact. In addition, through grants and other support to intermediary organizations that foster entities addressing social challenges, support is provided for social impact evaluation and related activities. Through these initiatives, the use of dormant deposits is being promoted to address social issues that are difficult for the public sector to tackle alone, such as support for children and youth, support for individuals facing difficulties in daily life, and support for regional revitalization¹⁵².

C. Key Players and Initiatives

In 2014, as a hub organization to promote impact investing in Japan, the GSG National Advisory Board Japan (now GSG Impact JAPAN National Partner) was established, with the Nippon Foundation as its secretariat. Since then, research, awareness-raising, and networking activities have been carried out. In 2021, it published the Practical Guidebook on Impact Measurement and Management (IMM) in Impact Investing, which organizes key points for implementing IMM in the investment process as well as potential challenges and response measures¹⁵³.

In 2016, the Social Impact Measurement Initiative was launched as an initiative to promote social impact management in Japan, and was later reorganized into the Social Impact Management Initiative (SIMI), with collaboration among diverse members—including government, businesses, and funders—being advanced.

¹⁵¹ Cabinet Secretariat (2024) "Grand Design and Action Plan for a New Form of Capitalism 2024 Revised Version"

¹⁵² Cabinet Office (n.d.) "About the Regime for Utilization of Dormant Deposits" https://www8.cao.go.jp/kyumin_yokin/seido/seido.html#shien (in Japanese) (last accessed January 9, 2026)

¹⁵³ GSG Impact JAPAN National Partner IMM Working Group (2021) "Guide Book for Impact Measurement and Management: 1st edition (May 2021)" (in Japanese)

In 2017, to intensify efforts to build the market for social impact finance and to develop specific projects, the Japan Social Investment Promotion Foundation (now the Japan Social Innovation and Investment Foundation: SIIF) was established independently from the Nippon Foundation. With the aim of promoting impact investing and knowledge accumulation, SIIF engages in information sharing and policy advocacy.

Subsequently, in 2021, the Japan Impact-Driven Finance Initiative was launched as a private-sector initiative in which multiple financial institutions collaborate to advance the practice of impact-oriented financing and investment. The Initiative established voluntary subcommittees organized by asset class and themes, through which members share cases, hold study sessions, and develop principles and guidance on a private-sector-led basis (see Section 3.2 for details).

Furthermore, as a forum for cross-sector discussion—bringing together not only investors and financial institutions but also companies, local governments, and industry associations—the Impact Consortium, led by the FSA, was launched in 2023 to facilitate domestic and international network building, dialogue, and information dissemination. The Consortium established thematic subcommittees (Data & Indicators; Market Research & Formation; Regional Practice; and Public–Private Collaboration Promotion) and undertakes case sharing and guidance development. For example, the Data & Indicators Subcommittee responded to feedback from companies and investors that relevant databases are fragmented and difficult to use for setting impact indicators and targets. In 2025, it published a trial Impact Database Navigation Guide, which organizes indicator lists and reference databases that companies and investors can use by category, including: domestic and international; climate change; water resources/global environment/urban environment; health and medical care; well-being/DE&I/human rights (including child labor); and declining birthrates/poverty¹⁵⁴.

To further expand Japan’s impact investing market, a GIIN Japan Working Group was launched in May 2025 (see Section 3.2 for details on GIIN).

¹⁵⁴ Impact Consortium (n.d.) “Impact Database Navigation Guide (Trial Version)” <https://impact-consortium.fsa.go.jp/impact-database-navigation-guide> (in Japanese) (last accessed January 9, 2026)

4. Case Studies of Overseas Impact Funds¹⁵⁵

This chapter examines case studies of impact funds operating overseas across both traditional asset classes (listed equities and fixed income) and alternative asset classes (private equity, real estate, and infrastructure). Specifically, the chapter reports the survey results for each fund with regard to the setting of impact objectives and strategies, the setting and measurement of impact-related metrics and the use of relevant frameworks, and the relationship between investment returns since inception and the pursuit of impact.

4.1 Selection of Survey Targets and Survey Items

In selecting the survey targets, reference was made to the impact fund database maintained by PCG Impact (part of Phenix Capital Group, based in the Netherlands) and other relevant sources. From among funds investing in developed markets or global markets that are internationally recognized and considered to provide extensive disclosures, including impact reports, the funds listed in Figure 4-1 were selected.

The selection of survey targets in this research was based on qualitative judgment. Their inclusion does not imply that the initiatives or performance of the selected funds are superior to those of funds not covered in this study. In addition, the funds included in this research do not necessarily represent a representative sample of the overall impact investing market.

¹⁵⁵ Chapter 4 contains information on individual funds, and such information has been omitted.

Figure 4-1 List of Impact Funds Selected for the Survey

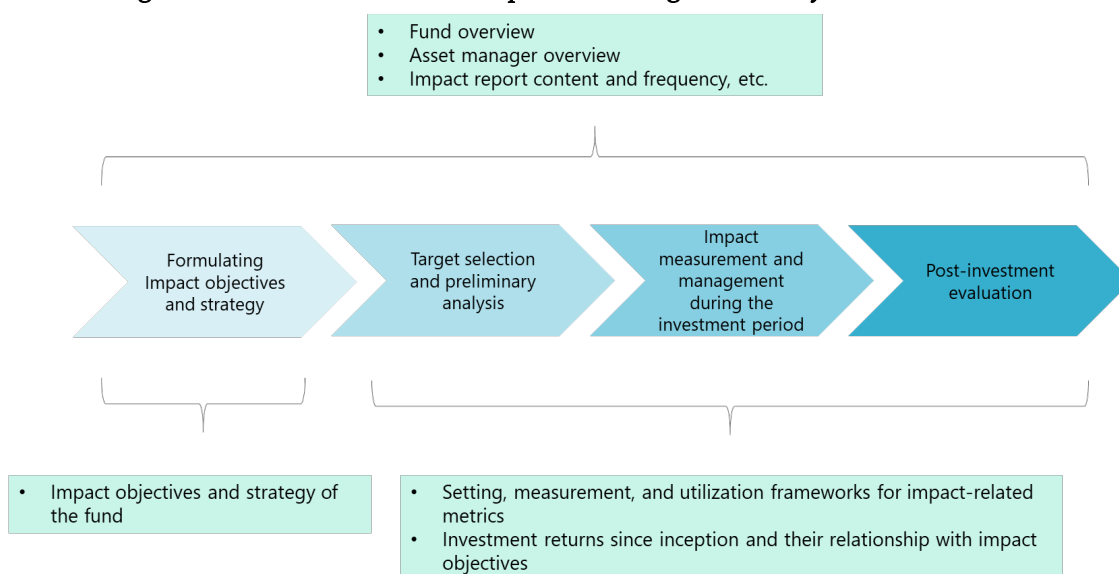
Asset Class		Fund Name / Asset Manager (Headquarters)
Traditional assets (Public markets)	Public equity	<i>Note: As the information pertains to individual funds, it has been omitted.</i>
	Fixed income	
Alternative assets (Private markets)	Private equity	
	Real estate	
	Infrastructure	

Note: The order of the funds is not indicative of ranking.

The survey items for the case studies, illustrated in accordance with the general flow of impact investing, are shown in Figure 4-2.

The survey was conducted through a literature review based primarily on primary sources, including impact reports published by each fund. The findings of the survey are presented in the following sections.

Figure 4-2 General Flow of Impact Investing and Survey Items Examined



4.2 Survey Results: Overview

This section first provides an overview of the overall trends observed across the survey results for the funds examined.

Relationship Between Investment Returns and the Pursuit of Impact

All funds reviewed state that they pursue both investment returns and impact simultaneously, regarding solutions expected to generate impact as investment opportunities. No concessional funds—those willing to sacrifice investment returns for the sake of achieving impact—were identified.

For funds investing in public markets, benchmarks for investment returns referenced widely used indices that are also commonly used by non-impact funds, such as the MSCI AC World Index and the Bloomberg Global Aggregate Bond Index.

Fund-level Impact Objectives and Strategy

All funds reviewed establish qualitative impact objectives at the fund level. No funds were identified that set quantitative impact objectives at the fund level. However, as discussed later, some funds set numerical targets at the individual investee level.

Based on these objectives, the strategies and investment selection approaches adopted by the funds are articulated using various terms and methods, such as theory of change.

Establishment and Measurement of Impact-related Metrics at the Fund Level

As noted above, fund-level objectives are qualitative. However, based on these objectives and strategies, many funds establish portfolio-wide impact-related metrics at the fund level and track their changes over time.

That said, portfolio-wide impact-related metrics are not necessarily established by all funds. As discussed later, differences in the nature of the objectives set by each fund may also influence establishment of such metrics.

Establishment and Measurement of Impact-related Metrics at the Investee Level

While fund-level objectives are qualitative, at the investee level—selected based on the fund's objectives and strategies—impact-related metrics are often established and tracked over time in addition to the portfolio-wide impact-related metrics described above.

In some cases, quantitative targets are also set at the individual investee level. However, impact-related metrics established at the investee level are often specific to each

investee and may not always be suitable for aggregation or consolidation across the fund's overall portfolio.

Differences Between Public and Private Markets

When comparing funds investing in public markets with those investing in private markets, the former tend to establish a threshold for the share of a portfolio company's business that aligns with the fund's impact objectives as a condition for investment. One possible reason is that companies in public markets often operate diversified business activities.

Among impact funds investing in fixed income, portfolios tend to have a relatively high share of green, social, and sustainability (GSS) bonds, whose use of proceeds is restricted. These bonds may be preferred because their alignment with impact objectives is clearer.

Funds investing in private markets tend to establish and measure impact-related metrics in a more granular manner. In addition to measuring realized impact in physical units, some approaches include estimating future impact projections or converting impact into monetary value. One possible explanation is that private market investments allow investors to exert greater influence on portfolio companies and obtain information more directly. In contrast, in public market investments it is often difficult to obtain information directly from investee companies for impact measurement. As a result, investors tend to rely more heavily on publicly available information, which could make it more challenging to establish and measure detailed impact metrics.

Differences Between Specific and Broad Impact Objectives

When comparing funds with specific impact objectives and those with broad impact objectives, the former tend to conduct portfolio-wide impact measurement at the fund level using a relatively small set of common impact metrics.

In particular, in asset classes such as real estate and infrastructure, the nature of the asset class tends to make impact objectives more specific (e.g., a real estate fund targeting the promotion of affordable housing).

In contrast, funds with broad impact objectives tend to establish a wide range of impact metrics across individual investments. Because these metrics are often difficult to compare or aggregate, portfolio-wide impact measurement at the fund level can be more challenging.

5. Case Studies of Overseas Pension Funds

This chapter examines case studies of initiatives related to impact investing and other related activities among large overseas pension funds, and reports the findings regarding the nature of these initiatives and the underlying perspectives behind them, their relationship with fiduciary duty and the concept of universal ownership, the methods used to select and evaluate external asset managers, and how these pension funds perceive the investment returns achieved to date.

5.1 Selection of Survey Targets and Interviews

The process for selecting the survey targets in this research is as follows.

First, based on a report by the Thinking Ahead Institute, a total of 42 pension funds were identified. These consist of the top 30 pension funds globally by assets under management (AUM), as well as 12 sovereign pension funds selected from those ranked 31st to 300th globally. For these 42 funds, publicly available information was reviewed to confirm the following four points. The results of this review are shown in Figure 5-1.

- Signatory to the PRI
- Membership in the GIIN
- Investment activities explicitly labeled as impact investing
- Whether the fund self-identifies as a universal owner

The review confirmed that 25 funds (60% of the total) are PRI signatories, 2 funds (5%) are GIIN members¹⁵⁶, 4 funds (10%) disclose investment activities labeled as impact investing, and 14 funds (33%) explicitly identify themselves as universal owners.

¹⁵⁶ For the ABP and the PFZW, membership was regarded as confirmed on the basis that their asset managers, APG and PGGM respectively, are members of the GIIN.

Figure 5-1 Current Status of Large Overseas Pension Funds

AUM Rank	Name	Headquarters	AUM (in US\$ million)	Sovereign Pension Fund	PRI Signatory	GIIN Member	Impact-Labelled Investment Activities	Self-Identification as Universal Owner
1	Government Pension Investment Fund	Japan	1,593,141	✓	✓	-	-	✓
2	Government Pension Fund	Norway	1,584,524	✓	✓	-	-	✓
3	National Pension	South Korea	801,864	✓	✓	-	-	-
4	Federal Retirement Thrift	U.S.	782,835	-	-	-	-	-
5	ABP	Netherlands	552,376	-	✓	✓ (APG)	✓	✓
6	Canada Pension	Canada	477,676	✓	✓	-	-	-
7	California Public Employees	U.S.	452,453	-	✓	-	-	✓
8	Central Provident Fund	Singapore	432,509	✓	-	-	-	-
9	National Social Security	China	364,351	-	-	-	-	-
10	California State Teachers	U.S.	309,931	-	✓	-	-	✓
11	PFZW	Netherlands	262,261	-	✓	✓ (PGGM)	✓	✓
12	New York City Retirement	U.S.	247,999	-	✓	-	-	✓
13	Employees Provident Fund	Malaysia	247,268	✓	✓	-	-	-
14	New York State Common	U.S.	246,307	-	✓	-	-	✓
15	Pension Fund Association for Local Government Officials	Japan	226,803	-	✓	-	-	✓
16	AustralianSuper	Australia	204,631	-	✓	-	-	✓
17	Florida State Board	U.S.	194,659	-	-	-	-	-
18	Ontario Teachers	Canada	186,897	-	✓	-	-	-
19	Texas Teachers	U.S.	181,656	-	-	-	-	-
20	Labor Pension Fund	Taiwan	176,267	✓	-	-	-	-
21	Employees' Provident	India	176,246	✓	-	-	-	-
22	Australian Retirement Trust	Australia	173,844	-	✓	-	✓	-
23	Washington State Board	U.S.	167,033	-	-	-	-	-
24	Public Institute for Social Security	Kuwait	144,911	✓	-	-	-	-
25	Future Fund	Australia	144,312	✓	-	-	-	-
26	Public Service Pension Plan	Canada	134,566	-	✓	-	-	-
27	Wisconsin Investment Board	U.S.	130,932	-	-	-	-	-
28	New York State Teachers	U.S.	130,783	-	-	-	-	✓
29	Alecta	Sweden	126,614	-	✓	-	-	-
30	North Carolina	U.S.	126,472	-	-	-	-	-
41	AP Fonden 7	Sweden	106,015	✓	✓	-	-	✓
42	Employees' Pension Fund	India	102,968	✓	-	-	-	-
90	Social Insurance Funds	Vietnam	56,057	✓	-	-	-	-
106	AP Fonden 3	Sweden	49,877	✓	✓	-	-	✓
109	AP Fonden 4	Sweden	48,792	✓	✓	-	-	-
124	AP Fonden 1	Sweden	44,748	✓	✓	-	-	-
132	AP Fonden 2	Sweden	41,824	✓	✓	-	-	✓
139	New Zealand Superannuation	New Zealand	40,274	✓	✓	-	-	-
171	FEFSS	Portugal	32,930	✓	-	-	-	-
211	Fonds de Comp/Securite Sociale	Luxembourg	26,709	✓	-	-	-	-
225	State Pension	Finland	25,172	✓	✓	-	-	-
243	FRR	France	23,403	✓	✓	-	✓	-

Note 1: As of November 2025.

Note 2: Information from each pension fund's website was referenced only when available in Japanese or English.

Note 3: In this report, sovereign pension funds refer to funds established by national authorities for the purpose of fulfilling pension liabilities.

Note 4: The two Japanese funds are included for comparison and are not candidates for the case studies.

Source: Compiled based on Thinking Ahead Institute (2024) "The world's largest pension funds – 2024," the PRI website, the GIIN website, the websites of individual pension funds, and other relevant materials.

Based on the above findings, and excluding the two Japanese funds, funds were first shortlisted that are signatories to the PRI or members of the GIIN, and for which information could be confirmed indicating either investment activities explicitly described as impact investing or self-identification as universal owners. In addition, two funds from the UK and one fund from Australia—whose engagement in impact investing was identified through various publicly available sources—were added. Taking into account factors such as the geographic distribution of the funds' headquarters, a total of ten funds listed in Figure 5-2 were ultimately selected as the survey targets for this study.

Figure 5-2 List of Pension Funds Selected for the Study

Country	Name	PRI Signatory	GIIN Member	Impact-Labeled Investment Activities	Self-Identification as Universal Owner
U.S.	California Public Employees' Retirement System (CalPERS)	✓	-	-	✓
	California State Teachers' Retirement System (CalSTRS)	✓	-	-	✓
	New York State Common Retirement Fund (NYSCRF)	✓	-	-	✓
UK	Brunel Pension Partnership (BPP)	✓	-	✓	-
	Greater Manchester Pension Fund (GMPF)	✓	-	✓	-
The Netherlands	ABP	✓	✓ (APG)	✓	✓
	PFZW	✓	✓ (PGGM)	✓	✓
France	Fonds de réserve pour les retraites (FRR)	✓	-	✓	-
Sweden	Andra AP-fonden (AP2)	✓	-	-	✓
Australia	Rest Super	✓	-	✓	✓

Note 1: As of November 2025

Note 2: Only information available in Japanese or English on each pension fund's website was referenced

Source: Compiled based on the PRI website, GIIN website, each fund's website, and other materials

The survey methodology combined a literature review—primarily based on primary materials disclosed by each fund—with interview research.

The interviews were conducted between January and February 2026. The individuals who cooperated in the interview survey are listed in Figure 5-3. The authors would like to take this opportunity to express their sincere appreciation for their cooperation.

Figure 5-3 List of Interviewees (in Alphabetical Order)

Jaime Alvarez	Portfolio Manager, Sustainable Infrastructure & Private Equity, Brunel Pension Partnership (BPP)
Travis Antoniono	Investment Director, Sustainable Investments, CalPERS
Rajveer Dhanoa	Investment Officer, Sustainable Investment & Stewardship Strategies, CalSTRS
Sophie Haas	Head of Responsible Investing Strategy, FRR
Alex Jones	Investment Manager, Greater Manchester Pension Fund (GMPF)
Piet Klop	Director Strategic Relations, PGGM Investments
Claudia Kruse	Chief Sustainability and Strategy Officer, APG Asset Management
Åsa Norman	Head of Communication and Sustainability, AP2
Michael Weston	Public Engagement Manager, CalSTRS

Note 1: Affiliations and titles are those at the time the interviews were conducted (January–February 2026).

Note 2: Among those who cooperated in the interview survey, only individuals who granted permission for the publication of their names and affiliations are listed.

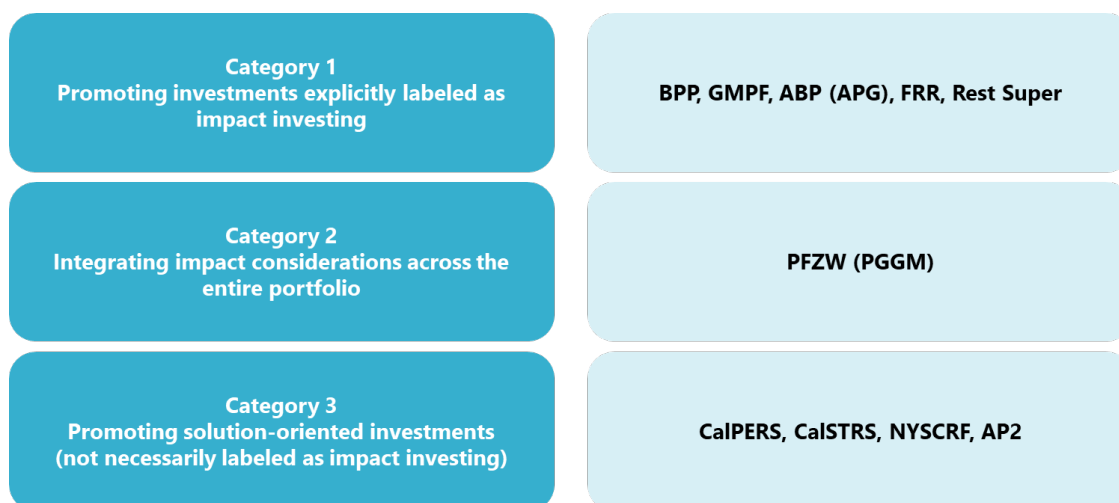
5.2 Current Initiatives of Overseas Pension Funds

5.2.1 Initiatives Related to Impact Investing

The approaches to impact investing and related activities among the pension funds covered in this study are diverse. As discussed in Section 2.3.5, the scope of “impact investing and related activities” in this study includes not only investments explicitly labeled as impact investing but also investment activities that may not be described as impact investing yet appear to place a strong emphasis on generating positive impact. These approaches can broadly be classified into the following three categories (Figure 5-4).

It should also be noted that, regardless of the categories shown below, all of the pension funds examined in this study have invested in so-called impact funds.

Figure 5-4 Categorization of Impact Investing Initiatives by Pension Funds



Note 1: Based on information available as of February 2026

Note 2: The classification here is based solely on investment activities and does not consider differences in underlying objectives or philosophies

Source: Compiled based on pension fund websites and other materials

Category 1: Promoting Investments Explicitly Labeled as Impact Investing

The first category consists of pension funds that actively promote investments explicitly labeled as impact investing. Among the funds examined in this study, BPP, GMPF, ABP, FRR, and Rest Super fall into this category.

Focus areas vary among these pension funds, ranging from GMPF—which concentrates specifically on generating impact in local communities—to Rest Super, which does not necessarily specify particular thematic areas.

Some pension funds also explicitly set targets or indicative levels for allocations to impact investing and related activities. Among them, ABP stands out for the scale of its commitment, having stated that it will allocate €30 billion to impact investing. This represents approximately 5.5% of ABP’s total assets of €542.2 billion as of the end of 2024¹⁵⁷. GMPF has likewise indicated that it may allocate up to 5% of its total assets to impact investing¹⁵⁸.

¹⁵⁷ ABP (2025) “Annual Report 2025”

¹⁵⁸ The Good Economy (2025) “Greater Manchester Pension Fund: Annual Assessment of The Place-Based Impact of GMPF’s Local Investment”

Figure 5-5 Areas, Investment Targets, and Asset Classes (Category 1 Pension Funds)

Name	Focus Areas	Disclosure of Investment Targets or Indicative Amounts	Asset Classes Implemented
BPP	Climate change Biodiversity & nature Human rights & social issue	(Not specified)	(Not specified)
GMPF	Local (place, jobs, economic development)	5% of AUM	SME finance, real estate, housing, infrastructure
ABP (APG)	Climate transition Conservation of Nature & biodiversity The Netherlands	€30 billion (including €10 billion for climate transition, €1 billion for nature & biodiversity conservation, and €1 billion for the Netherlands)	Private equity, real estate, infrastructure, alternative credit, real assets (Specified in the Impact Investing Policy, January 2024)
FRR	Fostering energy and ecological transition Protection of social equity Protecting biodiversity	(Not specified)	Public markets, private markets (Specified in the Responsible Investment Strategy 2024–2028)
Rest Super	(Not specified)	1% of AUM	Examples include listed equities, private equity, infrastructure, and real estate.

Note 1: Based on information available as of February 2026.

Note 2: The “Focus Areas” column includes investments considered to directly contribute to positive impact creation, even if the pension fund itself does not explicitly label them as impact investments.

Source: Compiled based on pension fund websites and other relevant materials.

Category 2: Integrating Impact Considerations across the Entire Portfolio

The second category consists of cases in which impact considerations are integrated across the entire portfolio of a pension fund. PFZW falls into this category. As discussed below, PFZW advocates what it refers to as “3D investing” (where the three dimensions refer to risk,

return, and impact) and has established indicators and quantitative targets for generating positive impact across all asset classes and throughout the portfolio.

Figure 5-6 Focus Areas, Investment Targets, and Asset Classes (Category 2 Pension Funds)

Name	Focus Areas	Disclosure of Investment Targets or Indicative Amounts	Asset Classes Implemented
PFZW (PGGM)	Climate transition Human and health Nature and biodiversity	All AUM	All asset classes

Note 1: Based on information available as of February 2026.

Note 2: The “Focus Areas” column includes investments considered to directly contribute to positive impact creation, even if the pension fund itself does not explicitly label them as impact investments.

Source: Compiled based on pension fund websites and other relevant materials.

Category 3: Promoting Solution-Oriented Investments (Not Necessarily Labeled as Impact Investing)

The third category consists of cases in which investments are promoted under the label of “solutions investing,” even though they are not necessarily labeled as impact investing, but are considered to place a clear emphasis on generating positive impact. CalPERS, CalSTRS, NYSCRF, and AP2 fall into this category.

It should be noted that this category does not include initiatives that are generally associated with reducing negative impacts, such as efforts aimed at reducing financed emissions within investment portfolios.

In terms of focus areas, investments in climate solutions are the most common, but they also include investments in biodiversity-related solutions, as well as investments related to health and well-being and affordable housing.

With respect to investment targets or indicative allocation levels, the largest is that of CalPERS, which has set a target of USD 100 billion (equivalent to approximately 18.0% of its total assets of USD 556.2 billion as of the end of June 2025¹⁵⁹). NYSCRF has set a target

¹⁵⁹ CalPERS (2025) “CalPERS Announces Preliminary 11.6% Return for 2024-25 Fiscal Year” <https://www.calpers.ca.gov/newsroom/calpers-news/2025/calpers-announces-preliminary-116-return-for-2024-25-fiscal-year> (last accessed February 21, 2026)

of USD 40 billion (approximately 13.7% of its total assets of USD 291.4 billion as of the end of September 2025¹⁶⁰), while CalSTRS has set a target of 1% of its total assets.

Figure 5-7 Focus Areas, Investment Targets, and Asset Classes (Category 3 Pension Funds)

Name	Focus Areas	Disclosure of Investment Targets or Indicative Amounts	Asset Classes Implemented
CalPERS	Climate solutions ✓ Mitigation ✓ Adaptation ✓ Transition	USD 100 billion	Listed equities, bonds, private equity, real estate, infrastructure, private debt
CalSTRS	Climate solutions and others	1% of AUM	Private equity, real estate, infrastructure (Specified in the Sustainable Investment and Stewardship Strategies (SISS) Portfolio Policy, May 2024)
NYSCRF	Climate solutions and others ✓ Resources and environment (climate and environment, resource efficiency, pollution and waste management) ✓ Human rights & social inclusion (education, demographic empowerment, health and wellbeing) ✓ Economic development (financial inclusion, sustainable infrastructure, affordable housing)	USD 40 billion	(Not specified)
AP2	Climate solutions Biodiversity solutions	(Not specified)	Private equity, green bonds, forestry assets, infrastructure

Note 1: Based on information available as of February 2026.

¹⁶⁰ NYSCRF (2025) “DiNapoli: State Pension Fund Valued at \$291.4 Billion at End of Second Quarter” <https://www.osc.ny.gov/press/releases/2025/11/dinapoli-state-pension-fund-valued-291-point-4-billion-end-second-quarter> (last accessed February 21, 2026)

Note 2: The “Focus Areas” column includes investments considered to directly contribute to positive impact creation, even if the pension fund itself does not explicitly label them as impact investments.

Source: Compiled based on pension fund websites and other relevant materials.

With respect to asset classes, in both Category 1 and Category 3, investments in private markets (such as private equity, real estate, and infrastructure) appear to account for a relatively large share. However, investments are not necessarily limited to these asset classes, and in some cases may also include investments in public markets (such as listed equities and fixed income).

In the interviews conducted for this study, some respondents noted that even when impact investments through public markets are not currently made, this does not necessarily mean that public markets are excluded; rather, they may be considered as potential investment options in the future.

In addition, regarding investments in public markets—where the investor contribution (asset managers’ contribution) is often considered less visible—some respondents expressed the view that what matters most is the impact itself that is generated, and that the extent to which the investor (or asset manager) contributes to that impact is not necessarily the primary concern.

5.2.2 Perspectives Underlying the Initiatives

Interviews were conducted to examine the perspectives underlying these initiatives related to impact investing and other related activities.

Perspectives Behind the Implementation of Impact Investing and Other Related Activities

The perspectives underlying pension funds’ engagement in impact investing and other related activities vary. However, the interview survey revealed that they can broadly be categorized into three perspectives: the instrumental perspective, the universal owner-type perspective (a subcategory within the instrumental perspective), and the ultimate ends perspective (Figure 5-8). It should be noted that these perspectives are not necessarily mutually exclusive. In some cases, pension funds pursue impact investing and other related activities while being guided by more than one of these perspectives.

Figure 5-8 Classification of Perspectives Underlying Pension Funds’ Initiatives in Impact Investing and Other Related Activities

Instrumental perspective	<ul style="list-style-type: none"> ✓ Expectation of new investment and return opportunities ✓ Expectation of diversification benefits in investment strategy as an asset owner
Universal owner-type perspective	<ul style="list-style-type: none"> ✓ View that generating positive impact is important to reduce systemic risks (e.g., promoting climate solutions is important to mitigate climate change risks)
Ultimate ends perspective	<ul style="list-style-type: none"> ✓ View that, in addition to investment returns, a livable community, society, and global environment are important for beneficiaries (some funds conduct beneficiary surveys and reflect the results when identifying priority impact areas)

It should also be noted that, as of the time this survey was conducted, the reform of the Local Government Pension Scheme (LGPS) currently underway in the UK indicates a policy direction that places greater emphasis on investment in the UK and in local regions¹⁶¹. As a result, impact investing and other related activities targeting local communities by LGPS funds—including the GMPF—may expand in the future.

Perspectives Behind the Disclosure of Investment Targets or Indicative Amounts

The interview survey identified several perspectives underlying the disclosure by pension funds of targets or indicative levels for allocations to impact investing and other related activities. The main views expressed were as follows:

- Such targets are useful for raising awareness among investment staff within the fund (although respondents noted that investments are not pursued merely to meet a numerical target, but are undertaken only when attractive investment opportunities arise).
- They help ensure that potential investment opportunities that may emerge in the future can be captured in a timely manner.

¹⁶¹ UK Ministry of Housing, Communities & Local Government (2025) “Consultation outcome Local Government Pension Scheme (England and Wales): Fit for the future”
<https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/local-government-pension-scheme-england-and-wales-fit-for-the-future>
 (last accessed February 21, 2026)

- Disclosing such targets externally may increase opportunities to receive approaches from asset managers and other stakeholders.

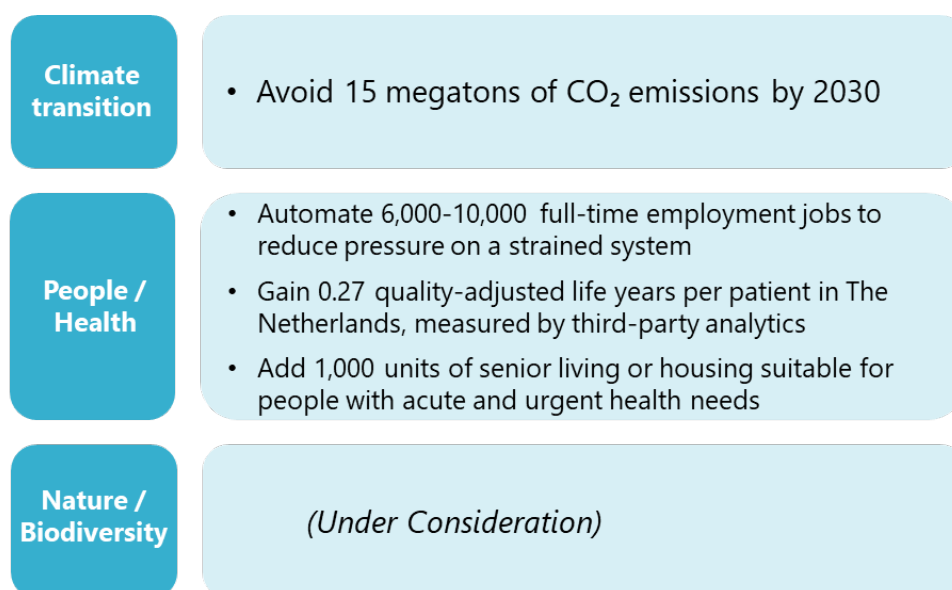
In addition, interview respondents noted that these targets or indicative amounts are not necessarily filled entirely through new investments. Existing investments may also be counted toward the allocation after assessing their eligibility and determining that they are appropriate to be counted toward the target amount.

5.2.3 Setting Quantitative Targets

The study also examined the extent to which pension funds have established quantitative targets related to the creation of positive impact. Overall, many funds tend to present general directions or set qualitative objectives, while examples in which pension funds themselves establish explicit quantitative targets are limited, with the exception of the following cases.

PFZW promotes what it refers to as “3D investing” (3D referring to risk, return, and impact). Under this framework, the fund has established impact-related indicators that apply across all asset classes and throughout the entire portfolio, together with quantitative targets to be achieved by 2030 (Figure 5-9).

Figure 5-9 PFZW’s Impact Metrics and Quantitative Targets to 2030



Source: Compiled based on PFZW (2025) “Jaarverslag 2024,” and GIIN (2024) “Pursuing Impact Within a Portfolio: Insights From Institutional Asset Owners”

At ABP, the Impact Investing Policy issued in January 2024 states that the fund plans to establish quantitative targets to be achieved by 2030 (Figure 5-10). However, at the time of this study, specific information regarding these quantitative targets had not been disclosed in publicly available materials.

Figure 5-10 ABP’s Statement on Quantitative Impact Targets

ABP’s Impact Investing Policy (January 2024) (Excerpt)

3. Objectives for impact investing
(Excerpt)

By 2025 at the latest ABP aims to have a clear picture of the positive effect of its impact investments in terms of social and environmental performance. In 2025 ABP will establish further complementary objectives as required for social and environmental performance up to 2030. Possible examples include CO2 emissions avoided, hectares of nature reserve protected or the number of people gaining access to affordable housing.

Source: Adapted from ABP (2024) “Impact Investing Policy”

5.2.4 Strategy Formulation

The study also examined how pension funds formulate strategies to achieve their impact objectives (whether quantitative or qualitative).

Although GMPF has not established quantitative targets for creating local impact, it has developed and disclosed a theory of change as part of its strategy for generating impact in the local community (Figure 5-11).

However, the explicit use of the term “theory of change” to articulate an impact strategy was limited among the pension funds reviewed.

ABP states in its Impact Investing Policy that a theory of change will be established for each individual investment (Figure 5-12).

Figure 5-11 GMPF’s Theory of Change



Source: The Good Economy (2025) “Greater Manchester Pension Fund: Annual Assessment of The Place-Based Impact of GMPF’s Local Investment”

Figure 5-12 ABP’s Statement on Its Theory of Change

ABP’s Impact Investing Policy (January 2024) (Excerpt)

5. Governance of impact investing
(Excerpt)

For every impact investment a credible ToC must be drawn up. A part of this relates to how ABP can contribute to the positive social and/or environmental impact.

Source: Adapted from ABP (2024) “Impact Investing Policy”

5.2.5 Measurement and Disclosure of Metrics

The study also examined initiatives by pension funds to measure and disclose impact-related metrics. Overall, such initiatives remain limited, with the following examples identified.

GMPF collaborates with external specialist organizations to measure and disclose the impact created in local communities (Figure 5-13).

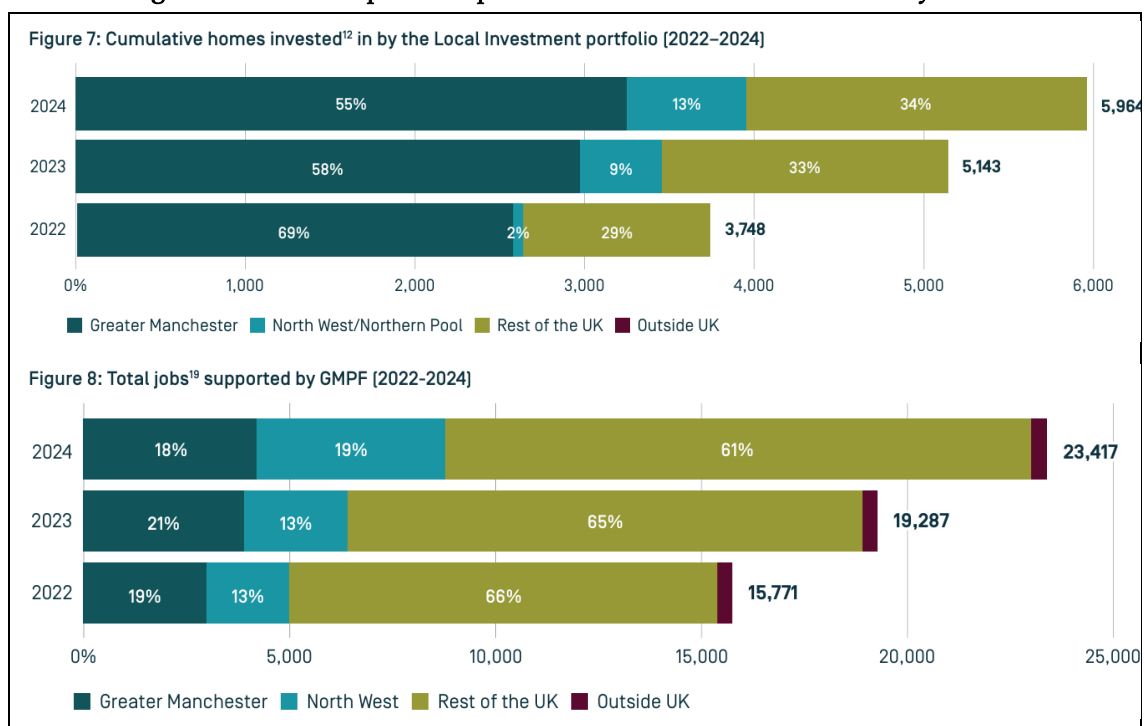
APG, which manages investments for ABP, discloses that it has internally established its own metrics used for impact investing¹⁶². However, concrete measurement results are not disclosed in publicly available materials.

Interview findings also indicated that, with respect to impact measurement by pension funds, even when it is difficult to measure impact directly, it is important to capture indicators related to outputs and outcomes and to monitor their changes over time.

In addition, the literature review identified several cases in which pension funds disclose examples of the funds in which they invest (for example, Figure 5-14).

Furthermore, interview respondents noted that pension funds receive reports on impact measurement from the individual funds in which they invest, and that such reports are meaningful in themselves. However, several respondents pointed out that aggregating indicators across funds at the pension fund level remains challenging due to differences in metrics across funds and concerns about potential double-counting.

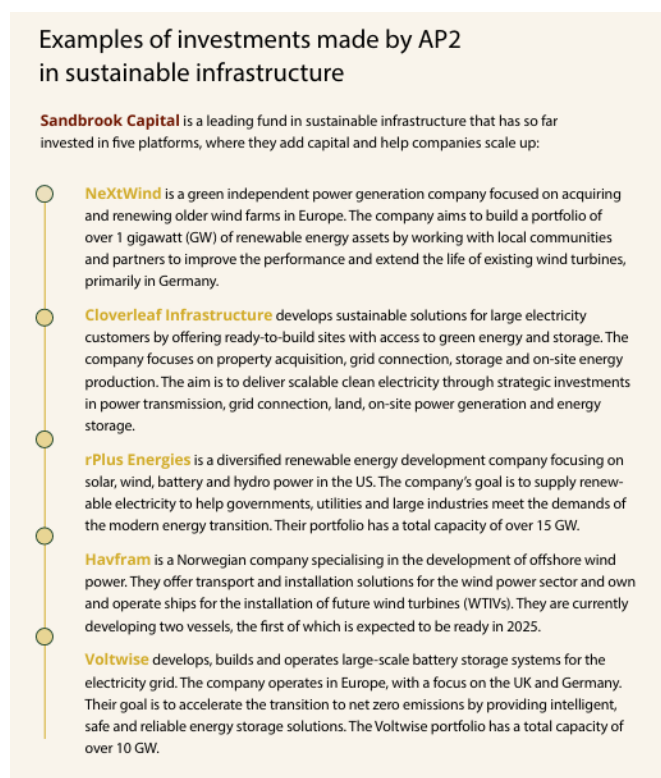
Figure 5-13 Example of Impact Measurement and Disclosure by GMPF



Source: The Good Economy (2025) "Greater Manchester Pension Fund: Annual Assessment of The Place-Based Impact of GMPF's Local Investment"

¹⁶² APG (2025) "Stewardship Overview 2024"

Figure 5-14 Example of Case Disclosure by AP2



Source: AP2 (2025) "Sustainability Report 2024"

5.2.6 Measurement and Disclosure of Contributions to the Local (Domestic) Economy

As noted earlier, GMPF—whose objective is to generate impact in local communities—has undertaken initiatives to measure and disclose its contributions. However, this study also found that several other pension funds, even though they do not explicitly set the creation of local (domestic) impact as a specific objective, disclose information on the amount invested in the local (domestic) economy and the contributions generated through such investments. Figure 5-15 presents examples of these practices.

According to the interview findings, such disclosures are made partly in response to requests from stakeholders, including beneficiaries.

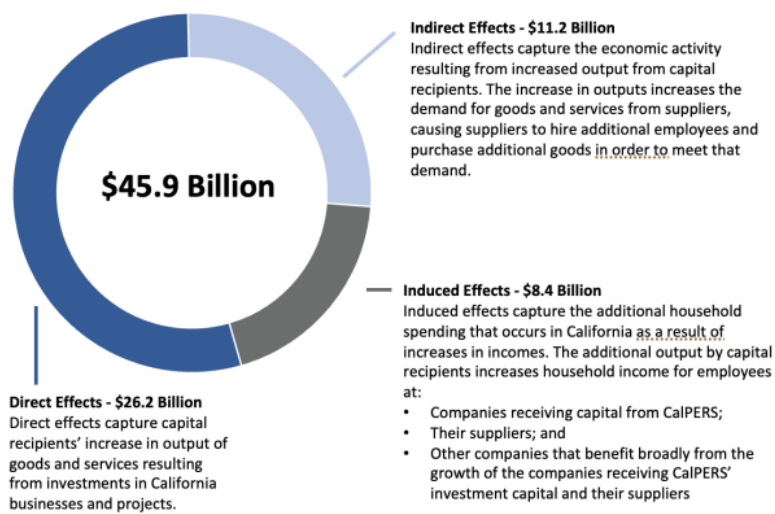
Figure 5-15 Examples of the Measurement and Disclosure of Contributions to Local (Domestic) Economy by Pension Funds

- CalPERS measures and discloses the economic impact on the State of California generated through its investments in private markets.

Total Economic Impact of CalPERS Private Markets Investments in California

CalPERS' private markets investments in California generate an estimated \$45.9 billion in economic activity across the state through the multiplier effect —the direct effects, indirect effects, and induced effects within the California economy are described in the chart below. A more detailed explanation of the methodology employed by Tideline to estimate total economic impact is included in the Research Methodology and Analytical Assumptions appendix.

Breakout of Total Economic Impact in California³⁶



Source: CalPERS (2024) "CalPERS for California 2024"

- NYSCRF measures and discloses employment effects generated through its investments in private equity funds that provide capital to startups and companies in New York State.

Investing in New York

Whenever possible, the Comptroller guides the Fund to invest in New York-based business ventures, companies and other programs that spur economic growth and create and retain jobs.

In-State Private Equity Investment Program

This program invests in private equity funds that target technology-based startups and established businesses in the State seeking expansion capital, spurring private sector investments and jobs across the state.

Program Highlights

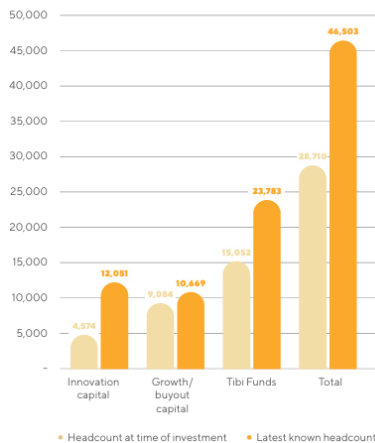
- \$2.64 billion committed to the program (as of March 31, 2025)
- \$1.9 billion invested in 600 New York State companies (as of March 31, 2025)
- Over \$650 million available to invest (as of March 31, 2025)
- Employees increased from approximately 29,500 to over 46,000 (as of March 31, 2025, or when the Fund exited the investment)
- Over 300 completed investments, returning \$1.7 billion for the Fund on \$910 million invested (as of March 31, 2025)
- Approximately 10% internal rate of return (as of March 31, 2025)

Source: NYSCRF (2025) “Investing in New York” <https://www.osc.ny.gov/common-retirement-fund/investing-new-york> (last accessed February 17, 2026)

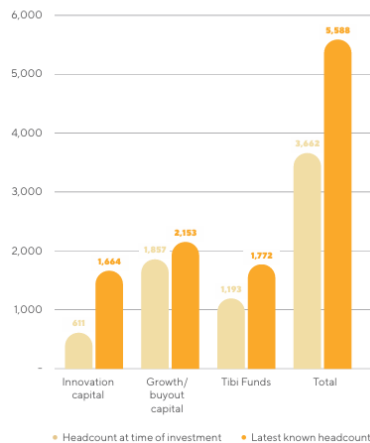
- FRR measures and discloses employment effects generated through its investments in France.

These programmes have helped to create jobs, as quantified below since the date of investment in the vehicles and at the end of 2023:

Change in headcount since capital investment

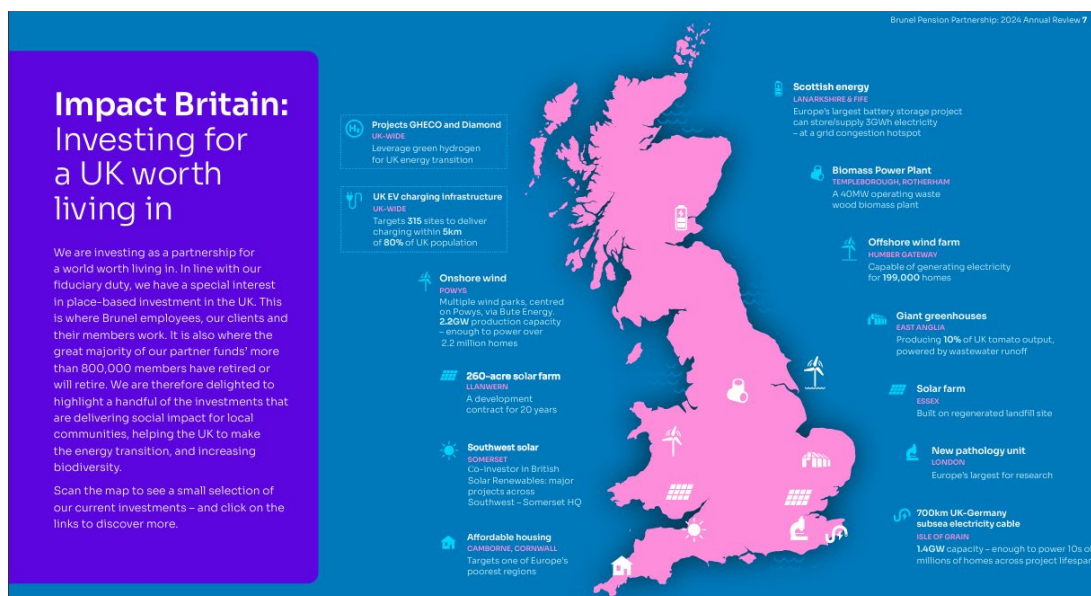


Change in FRR share of headcount since capital investment



Source: FRR (2025) “Annual Report 2024”

- BPP measures and discloses various impacts generated in the UK through its investments.



Source: BPP (2025) "Review 2024-25"

- GMPF measures and discloses various impacts generated through its investments in Greater Manchester and North West England.

How our investments support the Region



Supporting jobs through SME finance

- 15,303 jobs supported, 38% by businesses in the North West
- A further 2,033 jobs supported in infrastructure assets
- 3,923 jobs created, 43% by businesses in the North West
- 73% of businesses that have received funding demonstrate job growth.



Property-led economic development

- 22 commercial real estate assets, supporting 8,555 jobs, 84% in the North West.



Supporting place-based priority development needs

- 3,752 homes completed, in development or planned, of which 76% in the North West
- 7 nurseries with 646 childcare spaces
- 1 SEN school with capacity for 60 children
- 1 primary healthcare facility in Greater Manchester with capacity to serve a population of 13,500 people
- 4 digital infrastructure assets, 2 of which operate in the North West serving 233,000 customers.

Source: The Good Economy (2025) "Greater Manchester Pension Fund: Annual Assessment of The Place-Based Impact of GMPF's Local Investment"

5.2.7 Relationship with Fiduciary Duty and the Concept of Universal Ownership

The interview survey also examined the relationship between pension funds' initiatives in impact investing and other related activities and fiduciary duty, as well as their relationship with the concept of universal ownership.

Relationship with Fiduciary Duty

The interview findings indicated that, even in the case of impact investing and related activities, virtually all pension funds shared the view that there should be no compromise in terms of investment risk and return.

In this context, the following views were expressed regarding the relationship with fiduciary duty:

- Some respondents noted that impact itself is not the primary objective, but rather a means to identify and capture new investment opportunities, diversify investment strategies, and reduce systemic risks.
- Some stated that they deliberately avoid using the term “impact investing”, as it may give the impression of concessionary investments.
- Others emphasized that it is important to identify impact areas that offer strong investment attractiveness, such as new opportunities or risk mitigation. They also noted that which areas present attractive opportunities may change depending on external conditions and the broader investment environment.
- Some respondents indicated that for beneficiaries, both investment returns and impact (such as more livable communities, a better society, and a sustainable environment) are important, and that their investment approach seeks to pursue both financial returns and impact creation simultaneously. (Notably, some pension funds, such as ABP and PFZW, explicitly state this perspective in their disclosure materials.

¹⁶³)

In addition, some interviewees noted that the allocation to impact investing and related activities represents only a very small share of total pension fund assets, and therefore has only a limited effect on the overall investment returns of the fund.

For example, GMPF, which aims to generate impact in local communities, discloses that the overall target return for the pension fund is CPI (Consumer Price Index) + 2–2.5%,

¹⁶³ ABP (2024) “Impact Investing Policy,” and PFZW (2025) “Jaarverslag 2024”

while investments in the local area are assessed against a benchmark of RPI (Retail Price Index) + 4%¹⁶⁴. Considering that RPI generally tends to be higher than CPI, this suggests that the fund does not regard its local investments as concessionary investments.

Relationship with the Concept of Universal Ownership

Regarding the relationship with the concept of universal ownership, some of the pension funds interviewed indicated that they link this concept to the rationale for undertaking impact investing and other related activities.

In addition, the interviews suggested that under the universal ownership perspective, creating positive impacts—such as promoting climate solutions—is considered important for reducing systemic risks (e.g., climate change) that institutional investors are seeking to address.

5.2.8 Selection and Evaluation of External Asset Managers

In addition, the interviews examined how pension funds select and evaluate external asset managers for impact investing and related strategies, as well as their views on the investment returns achieved to date.

Selection and Evaluation of External Asset Managers

Regarding the selection and evaluation of external asset managers for impact investing and other related strategies, the following views and observations were highlighted:

- It is important to assess the actual investment practices and substance of how impact considerations are incorporated, rather than whether an asset manager or fund is explicitly labeled as “impact investing.” Similarly, for investments such as green bonds, the substance of the investment should be assessed rather than relying on the presence of a label.
- Some respondents noted that in addition to the standard evaluation process for external asset managers, a dual evaluation process focusing on impact considerations has been established.

¹⁶⁴ The Good Economy (2025) “Greater Manchester Pension Fund: Annual Assessment of The Place-Based Impact of GMPF’s Local Investment”

- Asset managers and funds are evaluated based on factors such as impact objectives, strategy, measurement indicators, investment processes, organizational structure, capabilities, experience, and past performance related to impact creation.
- Some respondents indicated that asset managers and funds are evaluated with reference to the nine principles of the Operating Principles for Impact Management (OPIM), although external asset managers are not necessarily required to sign the OPIM.

PGGM, which manages investments on behalf of PFZW, discloses that it evaluates external asset managers based on seven perspectives: Philosophy, People, Process, Performance, Planet, Platform/Organization, and Price/Cost¹⁶⁵.

In terms of organizational structure, the interviews also revealed that impact specialists or dedicated teams review the appropriateness of fund investments from an impact perspective separately from the investment teams responsible for each asset class. In some cases, these teams may also hold veto power over investment decisions.

Investment Returns from Impact Investments through External Asset Managers

Regarding perceptions of investment returns from impact investments to date, the interviews indicated that none of the respondents considered impact investments to have underperformed other investments over the long term simply because they are impact investments.

Some interviewees noted that impact investments such as affordable housing may generate lower returns than typical real estate investments, but they also tend to involve relatively lower risks, resulting in favorable risk-adjusted returns.

It was also noted that if the returns from impact investments temporarily fall below expectations, they are generally assessed in the same way as other investments—namely, by evaluating from a long-term perspective whether the underperformance is temporary and whether the external asset manager is taking appropriate corrective actions.

¹⁶⁵ PGGM (2021) “Responsible Investment in External Management”

5.2.9 Summary

As noted above, among the 10 pension funds examined, investments in so-called impact funds were identified. This finding is consistent with existing market research discussed in Chapter 3 indicating the expansion of the impact investing market and the significant role of pension funds as providers of capital. It is also consistent with the growing range of initiatives by asset managers related to impact funds described in Chapter 4, suggesting that the presence of many pension funds investing in impact funds is not surprising.

At the same time, as shown in this section, pension funds differ in their stance on whether to explicitly position themselves as engaging in impact investing. Some pension funds invest in so-called impact funds without formally using the term “impact investing.”

Regarding the perspectives underlying these initiatives, the interviews revealed three broad approaches: an “instrumental perspective,” its subtype the “universal owner-type perspective,” and a “ultimate ends perspective.” These findings are consistent with the framework discussed in Chapter 2. Regardless of perspective, most pension funds agreed that, from a fiduciary duty standpoint, they do not compromise on investment risk–return expectations simply because it is impact investing.

As also noted in this section, initiatives such as establishing strategies for impact creation (e.g., a theory of change), setting quantitative targets for positive impact, defining and measuring portfolio-wide indicators, and issuing impact reports were observed to some extent but remained limited among pension funds. However, efforts to demonstrate contributions through investments in local or domestic economies were observed among a number of the pension funds surveyed. Whether such initiatives will expand further among pension funds remains an important point to watch.

6. Concluding Remarks

This research focuses on impact investing and other related activities, an area that has recently attracted rapidly growing interest among market participants and remains in the midst of ongoing development. It presents a multi-faceted “snapshot” of the current landscape from various perspectives through both a literature review and original interview surveys. In particular, the interview surveys with major overseas pension funds revealed a wide range of practices, including each fund's philosophy and actual initiatives.

While a certain degree of common understanding of the concept of impact investing has emerged among market participants through the definition provided by the GIIN and the basic guideline issued by the JFSA, the field remains highly dynamic. More recently, developments such as systems thinking-based investment approaches have also emerged. Chapter 2 reviews the latest developments and relationships among these concepts.

Chapter 3 provides an overview of trends in the impact investing market, initiatives by industry organizations, and the latest developments in policies and regulations in other countries. The market continues to expand, and pension funds play a significant role as providers of capital. Various initiatives by industry organizations are also underway, and policy and regulatory approaches across countries are found to be diverse.

Chapter 4 examines case studies of representative impact funds in other countries. The approaches taken by these funds vary widely, and many are pursuing innovative strategies through ongoing experimentation to achieve both financial returns and impact creation.

Chapter 5 examines the state of engagement with impact investing and other related activities by major overseas pension funds. Based primarily on interview surveys, and regardless of whether the surveyed pension funds formally use the term “impact investing,” they were found to actually invest in impact funds without compromising on investment risk and return under their fiduciary duties. The interviews further revealed that these approaches are underpinned by three perspectives: the “instrumental perspective,” its subtype the “universal owner perspective,” and the “ultimate ends perspective.”

The defining feature of impact investing is the expectation of generating impact, such as improving human well-being or enhancing the state of the natural environment. Whether impact creation is the ultimate objective of investment or a means to achieve financial returns, this expectation represents a key distinction from other forms of investment.

This research does not aim to present specific recommendations or conclusions regarding the ideal form of impact investing. Rather, it serves as a foundational reference that compiles the current state of impact investing at this point in time, based on an intensive research effort conducted over approximately six months and organized from multiple perspectives. It is hoped that this report will support asset owners—including GPIF—as well

as broader market participants, policymakers, and other ecosystem stakeholders in their future consideration and practice of impact investing, and ultimately contribute indirectly to the creation of impact.

- This report was prepared by Nissay Asset Management as research commissioned by GPIF. Nissay Asset Management is a Financial Instruments Business Operator registered with the Kanto Local Finance Bureau (Registration No. 369) and a member of the Investment Trusts Association, Japan.
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