

The

Investing

for

Im-

pact

Manifesto

Only 15% of Sustainable Development Goals are on track. We are in a poly-crisis, and the urgency to act against climate change and rising inequalities has never been more acute. Now is the moment to drive transformative change at the EU level.

Impact investors, a diverse set of actors who focus on driving measurable positive impacts for people and planet, have the power to mobilise resources to solve the social and environmental challenges we face.

Impact investors are impact funds, foundations, corporate impact actors, public funders, pension funds, insurance companies and other asset owners, banks and other financial institutions. We are diverse but united in our ambition to deliver impact that would not have happened otherwise. The strategies may range within impact investing, but all these parties intend to generate measurable social and environmental change. And **all investors have potential to become impact investors.**

Impact investing has become one of the fastest growing areas of investment in the financial industry: people want money to work for good. If we manage to keep the pace, impact investing can hit one trillion by 2034, and grow its mainstream market share from one to ten percent. That big ‘if’ depends on an enabling policy framework, well-tailored public funding and continued agility and innovativeness among all impact stakeholders. That means a joint effort between impact capital providers, impact-driven companies and social enterprises; investable solutions and capital mobilisation along the continuum are the results.

Market growth is driven by countries with favourable regulations, such as France and the Netherlands, which have democratised access to impact investment and mobilised significant resources from retail investors, who are increasingly demanding sustainable and impact opportunities.

We need to accelerate the influx of impact capital now to finance the gap to deliver on the Sustainable Development Goals by 2030 (still at €4+ trillion annually) and a just transition to a low-carbon economy.

Impact investors are instrumental in bridging this gap because they put impact at the centre of their decisions. They deploy catalytic capital that can help breakthrough solutions emerge and scale to foster lasting positive change – from early medicines discovery to regenerative agriculture, from gender-lens entrepreneurship to inclusive AI, from financial inclusion to digital access, from climate adaptation to mental health, from circular fashion to urban regeneration, from food innovation to green mobility. Their role as patient and early-stage investors can also de-risks investments and can attract follow-on funding in these areas of intervention.

Building a resilient and competitive European economy that fosters innovation and provides opportunities for all can only happen if EU policies enable more impact capital to be deployed and more impact actors to join the movement. **The EU must harness the transformative power of impact investors to accelerate the transition to a more competitive, innovative, sustainable and inclusive economy.**

Big Numbers

€4 trillion

needed annually to deliver SDGs by 2030.

€813 billion

needed annually across 22 sectors of the economy to meet the EU 2030 decarbonisation target.

€150 billion

needed annually for investments in social infrastructure (health, education and social housing) in the EU by 2030.

€1 trillion

potential size of the impact investing market in Europe by 2034.

To this end, we call on the EU to:

1 > Put impact at the centre of EU policymaking

EU policies have the power to enable impact investors to do what they do best: serve society by intentionally investing to create a positive and lasting environmental and social impact. We are ready to work together with EU policymakers to prioritise an enabling policy framework that:

UNLOCKS PRIVATE CAPITAL FOR IMPACT

Impact investors are instrumental for the creation of a sustainable future and a powerhouse for the social economy. EU policies and regulations should enable them to play this role – by putting the focus on impact in sustainable finance regulations, opening doors for retail impact investors, and ensuring that both social and environmental considerations are at the heart of the just transition.

EMPOWERS BUSINESSES TO BECOME AGENTS OF TRANSFORMATIVE CHANGE

European companies have an enormous potential to invest for impact. EU policies can enable them to do so by promoting strategic public procurement and corporate engagement with social enterprises, and developing policies to foster mission-driven companies.

MOBILISES FURTHER PRIVATE CAPITAL FOR IMPACT THROUGH PUBLIC FUNDING

Public investment opportunities can provide guarantees and de-risk investments, mobilising more capital from the private sector. EU policymakers should double the social impact budget under the next EU Multiannual Financial Framework and facilitate easy access to public funds.

2> **Make all EU funding impact funding**

EU funding should lead by example. We call for all the European Union's public money to be intentionally impactful; and for the creation of an **impact scoreboard** that would assess the impact created by deploying EU public capital, including through public procurement.

3> **Deliver on the Sustainable Development Goals by 2030**

We need the European Union's renewed commitment to Sustainable Development Goals and green transition targets. We call for a **European Year of Impact in 2030**, to celebrate achievements, learn lessons and set new ambitions for people and planet!

To track progress and ensure impact is high on the agenda, we call for the establishment of an **Impact, Sustainable & Long-term Investments Intergroup** in the next European Parliament. We also urge the Parliament to strengthen the impact investors' role within the re-established Social Economy Intergroup.

An enabling policy framework for impact

The European Union should enable impact investors to do what they do best – serve the diverse needs of our communities by intentionally investing in positive environmental and social impact alongside financial returns. Here’s how to do it.

UNLOCK PRIVATE CAPITAL FOR IMPACT

Focus on impact within sustainable finance

Impact investing is instrumental for the transformation to a climate-resilient and fair society. It is time for Europe’s regulatory framework to distinguish between investment strategies for investing in sustainable activities (largely avoiding harmful practices) and those intentionally seeking a positive social or environmental impact.

- **Introduce labelling schemes within the SFDR** (Sustainable Finance Disclosure Regulation), **including a distinct impact category**, while simplifying communication with end investors and increasing their trust in financial products.
- **Reform the existing EuSEF** (European Social Entrepreneurship Funds) regulation while strengthening its application within the context of SFDR.
- **Strengthen the transparency of SFDR** with the introduction of simple disclosure rules for **all** financial products addressing both environmental and social factors.
- **Strengthen the double materiality principle within CSRD** (Corporate Sustainability Reporting Directive) with positive impact and incorporate harmonised impact measurement and management (IMM) in the ESRS (European Sustainability Reporting Standard). It is paramount to enable consistent and harmonised reporting practice while building over existing impact market practices on IMM.

Enable retail investing for impact

Studies indicate a growing concern among retail investors for sustainability. Yet, they often struggle to find suitable options. Investing for impact is a perfect solution for EU citizens to give meaning to their savings. Let’s give them this choice! The French retail investment ecosystem enables individuals to fund social enterprises through 90/10 Solidarity Funds. Companies with more than 50 employees are obliged to offer their staff, in addition to regular saving schemes, an optional social savings fund, which allocates up to 10 percent of its assets to eligible (unlisted) social enterprises. The rest is invested in classic (listed) companies, mostly following socially responsible investment (SRI) principles. In the Dutch ecosystem, retail investors can engage in impact investments through alternative investment funds. These funds enable investment in both listed and unlisted projects and enterprises, offering sufficient liquidity.

- **Modernise rules for EU pension funds** (Institutions for Occupational Retirement Provision – IORP II Directive) enabling IORPs to invest not only in the best financial interest of members and beneficiaries but to also support their interest to generate positive social and environmental impact. The 90/10 mechanisms show how European citizens can be empowered to be agents of change!
- **Foster the growth of individual savings within the impact ecosystem.** Lift the limitations preventing impact financial products, e.g. lacking

UCITS (Undertakings for Collective Investment in Transferable Securities) passport for the 90/10 funds to be distributed within the EU internal market. Besides, adapted EU state aid rules (GBER – General Bloc Exemption Regulation), tax benefits and related incentives can be introduced for that purpose.

Put people at the centre of the green transition

Placing people at the forefront of decision-making and policy implementation ensures that efforts to protect the planet are inclusive and equitable.

- **Investors need a social investment framework.** The current legislative framework and facilitating tools such as the EU Taxonomy or EU Green Bond standard place a large emphasis on environmental sustainability. To ensure a just transition, further harmonizing tools, such as a social bond standard or social sustainable and social impact investment framework, can help.
- **Public funding should have at least 10% of funds allocated for social impact.** If we set a minimum share of public funding to be allocated for generating intentional, measurable and additional social impact, we can more effectively ensure a just transition to a low-carbon economy. Energy efficient homes in vulnerable communities are just one of many impactful examples.

Deepen the Capital Markets Union

To achieve the dual objectives of green and digital transformation, the EU must maintain its focus on an integrated capital market for Europe. We support AFME's call to “rebalance the EU's funding sources toward more market-based financing, channelling individual savings into productive investments, and integrating national capital markets to create a unified EU market.”

EMPOWER BUSINESSES TO DRIVE TRANSFORMATIVE CHANGE

Europe's companies have enormous potential to invest for impact – B2B collaboration, social enterprises in the value chain, pro bono programs, community development, deploying non-repayable grants or repayable investments or co-investing with other capital providers.

- **Promote private-private partnerships via strategic public procurement** to foster B2B collaboration, including corporate engagement with social enterprises. This can be done by introducing specific social procurement initiatives encouraging applicants to allocate 10% of contract's value towards social projects and enterprises.

- **Maintain impact integrity within the CSRD** by introducing clear reporting boundaries between the corporate social investment (CSI) or corporate social responsibility (CSR) branch, subsidiary or a foundation of the company and its parent company.
- **Deliver an enabling policy framework for impact-driven companies.** Impact investors are only able to invest where there is a sufficient maturity and scale of impact-driven companies and social enterprises. We support Business for a Better Tomorrow's call for recognition of companies committed to the environmental and social transition and for making public procurement a powerful tool for common good.

MOBILISE FURTHER PRIVATE CAPITAL FOR IMPACT THROUGH PUBLIC FUNDING

There is an excellent way to mobilise private capital for impact by simply unlocking public investment opportunities!

- **Double the social impact budget under the next EU Multiannual Financial Framework.** InvestEU allocates hardly 10% of its full guarantee towards social investments and skills policy window. This includes investments in social infrastructure, such as affordable housing, health and long-term care, inclusive education and training, childcare, student housing and digital access, investments in social enterprises and support for microfinance. And the available amount was fully contracted within the first year of the InvestEU fund deployment! This mature demand should be matched by political ambition.
- **Simplify access to public funds.** Simplified procedures will not only help ease access but also decrease the cost of capital and increase the funding available to the end beneficiary.
- **Members States should deliver on the Council recommendations on promoting enabling frameworks for the social economy.** States should also provide additional fiscal incentives to social impact investors, like tax and investment relief, particularly in cases where investment in social innovation provides a riskier profile or lower return on investment.
- **Unlock the capacity of European foundations to invest for impact.** We join Philea in calling for financial instruments that will enable philanthropic organisations to engage in impact investing with both their programme and endowment investments, such as the ANBI status in the Netherlands that has expanded a tax exemption for foundations using impact investing, as well as grants, to achieve their mission.



Impact Europe (formerly EVPA) is the investing for impact network in Europe. We gather capital providers along the full continuum of capital (foundations, impact funds, banks and financial institutions, corporate impact actors, public funders) to increase prosperity and social progress for all, fix inequalities and injustices and preserve the planet. Together, we rally people, capital and knowledge to accelerate, scale and safeguard impact.



FAIR was born in 2021 from the merger of Finansol, historic actor of social finance, and Impact Invest Lab (iiLab), innovation lab on impact. Federating social impact finance in France and representing a French expertise centre abroad, FAIR gathers more than 130 social enterprises, banks, asset managers, NGO, schools and committed individuals. FAIR manages a label, the Finansol label, which helps the public distinguish social products from other products. Over 190 such products have been awarded the Finansol label as of today. FAIR hosts the French NAB which is part of the GSG network.



Impact Finance Belgium (IFB) is a membership association, with an overall goal to increase Impact Investing in Belgium to 10% of all Belgian AUM by 2030. Our members include parties such as financiers, fund managers, impact investors, development financiers, family offices, social enterprises, and other network organisations. Our activities include the publishing of research, organizing expert-led talks and connecting stakeholders in the ecosystem. IFB is part of the GSG Network.



The Foundation Netherlands Advisory Board (NAB) on impact investing is an initiative launched in 2020 by several Dutch financial sector players, social investors and impact fund managers. It is focused on scaling up investments in impact and increasing cooperation in the Dutch impact investing sector. The NAB is part of a global network of similar national advisory boards, grouped together under the Global Steering Group for impact investment (GSG).



Social Impact Agenda per l'Italia is the GSG's National Advisory Board for Italy and promotes the development of impact finance in Italy. The network gathers 24 organisations, representing investors, social enterprises, market builders, philanthropic institutions, which work together to establish a new economy that combines economic sustainability with positive social and environmental impact. SIA carries out advocacy, research, communication and market development activities, in order to create a favourable ecosystem for investments with positive impact.



Spain NAB, Consejo Asesor para la Inversión de Impacto, founded in 2019 is the Spanish independent non-profit association for impact investing which gathers the leading 45 institutions in the sector including banks, asset managers/owners, foundations, service providers and public sector authorities. Its mission is to develop the impact investing sector in Spain undertaking market research and building the impact community at the national level to develop market knowledge and strengthen partnerships, with the goal of mobilising public and private support for impact investing in Spain.