

Unlocking corporate impact investing for ESG - driving innovation while addressing the missing “S” in ESG

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About Impact Seed...

We support leading corporates, not for profits and impact ventures with ESGi and community investment strategies, B-Corp certification support, and impact-led strategy, outcomes and evaluation consulting.

impact & ESGi strategy & measurement

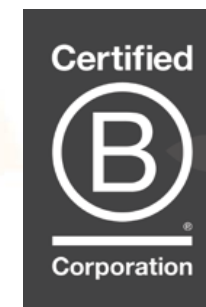
impact investment

Impact Seed is WA's only social enterprise and impact investment deal-focused intermediary and market builder, supporting ventures with pathways to catalytic funding, and capital raising for organisations and initiatives that balance 'doing good' with financial return.

enterprise development & commercialisation

We specialise in providing startup commercialisation + funding pathways for social enterprises including innovators & entrepreneurs, not-for-profit organisations and Aboriginal Native Title holders and Traditional Owner groups.

Our **vision** is to catalyse systems-change across finance, business and entrepreneurship by integrating social, cultural and environmental impact outcomes alongside financial metrics for organisations, and to support ventures and investment.



What I'll cover today...



1. The ways companies can **contribute positively to society**

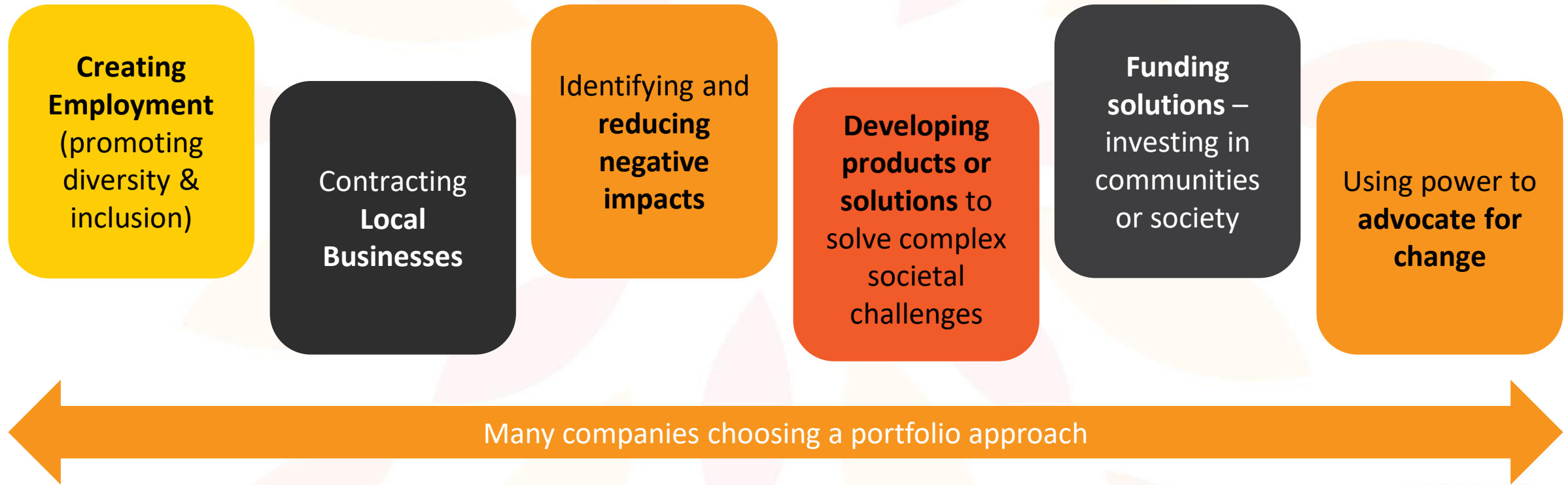
2. **Corporate Impact Investing** to deepen community engagement and social license to operate

3. **Embedding Impact Management** to ensure alignment of Sustainability & ESG with organisational strategy

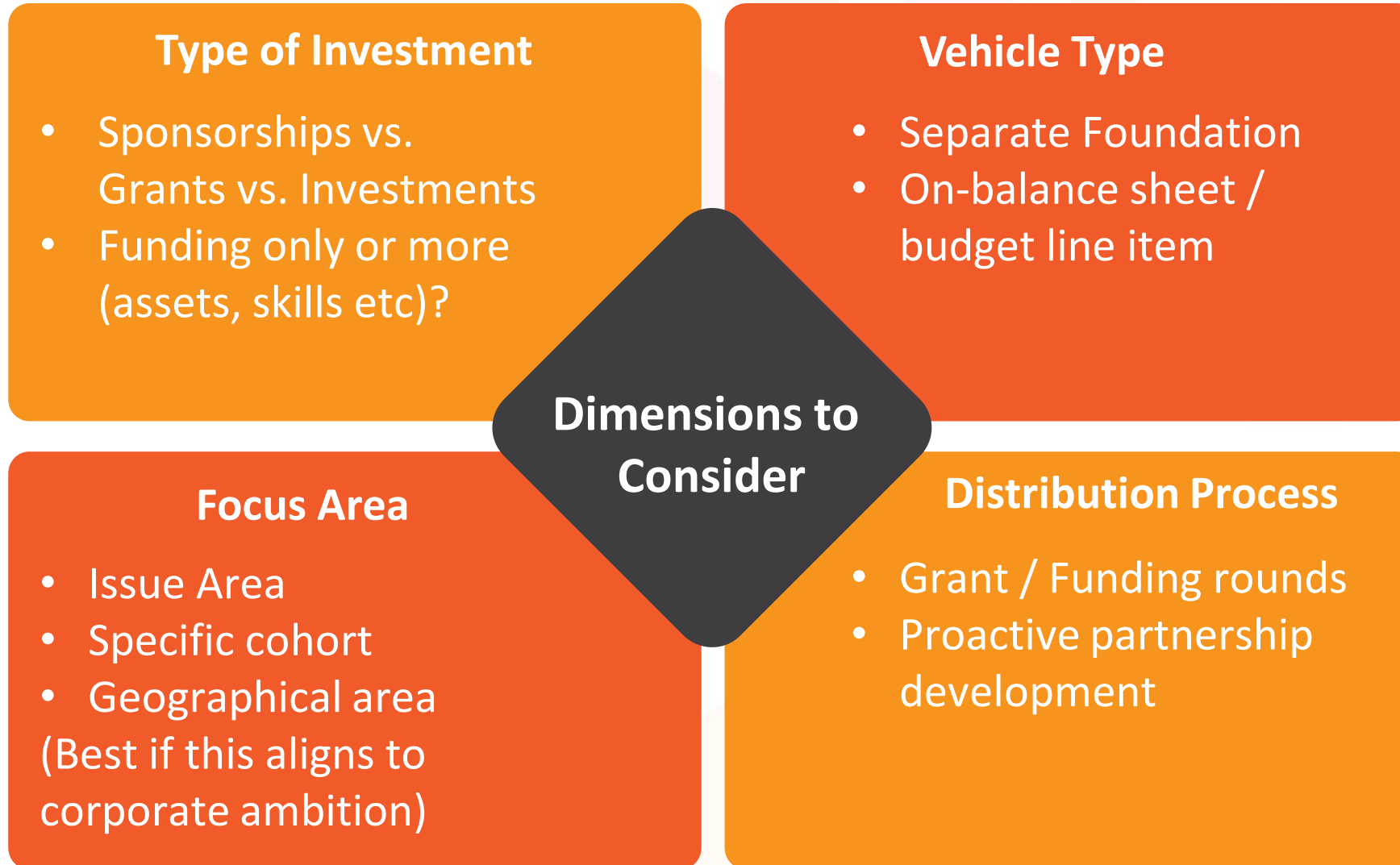
1. The ways companies can contribute positively to society

Ways a company can contribute positively to society...

- Starts with the **systematic identification of actual and potential social and human rights impacts** (positive and negative) across the company's value chain
- Then **active management** of those impacts to **minimise negative impacts** and **maximise positive impacts**



Funding solutions – dimensions to consider

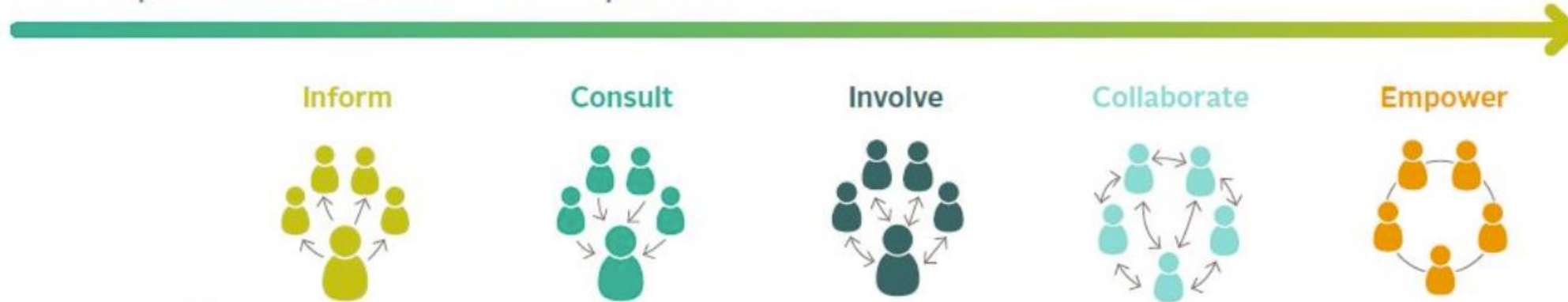


Many companies are now choosing a **portfolio approach** to corporate social investment

A transition towards strategic, outcomes focused partnerships...

Most companies are transitioning from more transactional, shorter-term investments, towards a more collaborative, outcomes focused, and informed approach that builds capability.

IAP2 Spectrum of Public Participation



Informed by community needs & aspirations
Co-designed and governed
Building capacity for enduring impact
Clearly identified outcomes with plans to measure/manage them

2. Corporate Impact Investing as an enabler for deepening community engagement and social license to operate

What is Impact Investing?

Impact Investments: investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.

APPROACH	TRADITIONAL INVESTMENTS	RESPONSIBLE INVESTMENTS				PHILANTHROPY
				IMPACT INVESTMENTS		
FOCUS	FINANCIAL ONLY	NEGATIVE SCREENING	ESG INTEGRATION	IMPACT DRIVEN		IMPACT ONLY
				FINANCIAL-FIRST	IMPACT-FIRST	
FINANCIAL GOALS					Accept low risk-adjusted returns	Accept partial/full capital loss
	Target competitive risk-adjusted financial returns					
FEATURES				Manage ESG risks		
				Pursue ESG opportunities		
				Intentionality: delivering impact is central to underlying assets/investments		
				Impact investment is measured and reported		
IMP INTENTIONS	MAY OR DO CAUSE HARM	ACT TO AVOID HARM				
			BENEFIT ALL STAKEHOLDERS			
			CONTRIBUTE TO SOLUTIONS			

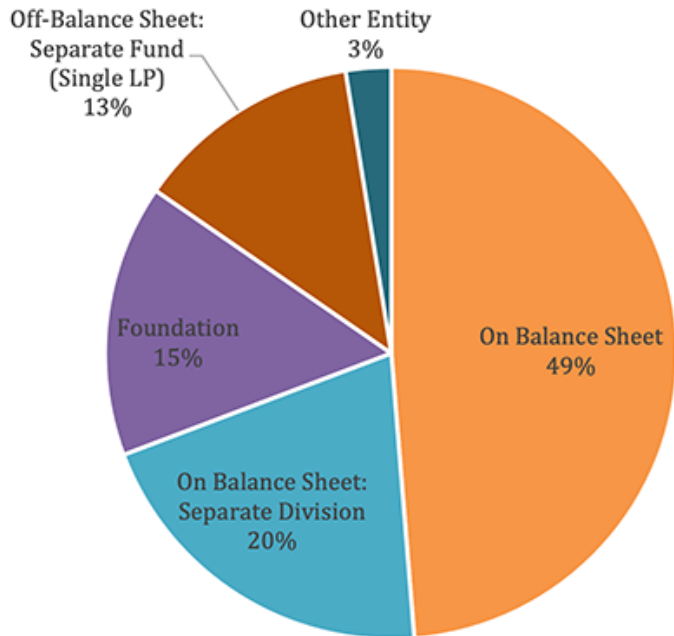
The Investment Spectrum

Source: Adapted from Bridges Fund Management (2014), PRI (2013), RIAA (2019), UK NAB (2017), Impact Management Project (IMP) (2018)

A growing field of Corporate Impact Investors (CII's)

- Several companies are **launching investment strategies to advance social-and-environmental causes** alongside strategic and business goals

Corporate Impact Investing - Vehicle Types



- Of the estimated **\$715bn total II market** in 2021, CII's managed more than **\$7.2bn** in committed capital (54% annual growth since 2006)
- In 2020 alone, Amazon, Microsoft, Salesforce, TELUS, Citi, and Unilever each announced venture commitments exceeding \$100 million.

Corporate Impact Investment Examples

- **Amazon's Climate Pledge Fund** invests in innovative climate technology companies that can help Amazon and others reach net-zero carbon emissions by 2040.
- Initial **\$2 billion** in funding—invests in visionary companies with a potential for long-term impact.



Patagonia was one of the first CII's having set up a dedicated venture fund (Tin Shed Ventures®) in 2013 to invest a portion of profit in startups that can provide systemic & globally scalable solutions for the land, water, air, & biodiversity crises underpinning climate change.



They focus on sectors they know best – food, apparel, & protecting natural ecosystems — allowing them to add the most value



- **A \$23M Venture Fund based in Perth, underpinned by RAC**
- RAC aim to supercharge the startup industry through funding disruptive technologies and business models
- They also operate a Ventures Studio to build startups giving first-hand, deep experience of what it takes to win.

Minderoo \$250m Strategic Impact Fund (SIF)

- Philanthropic Foundation founded in 2001 by Andrew and Nicola Forrest (predominantly through FMG Profit)
- \$2.6bn assets, \$110m contributed to project in 2021
- Launched \$250m Strategic Impact Fund (SIF)
- Invest in companies or funds in a way that scales and accelerates the goals of the foundation
- 3 focus areas: Communities; Gender & Equality; Oceans.



Why should companies consider Impact Investing?

1

Help address global challenges (empowerment approach)

US \$5-7 Trillion needed per year to achieve SDGs – Significant private capital is needed to fill the gap.

2

Achieve market-rate returns. Data from the Global Impact Investing Network shows that the majority of the II market produces market rate returns.

3

Bang for Buck!

II's provide an efficient way to meet CSR goals with a much higher ROI than grants.

CII funds allow investors to help sustainably grow the recipients e.g. a farmer, a health startup, or a company solving energy challenges

4

Help future proof your business – support other organisations to develop solutions to future proof your business e.g. Amazon's Climate Pledge Fund & Miners investing in economic development in host countries.

5

Scale, accelerate and improve sustainability of your other community giving programs (portfolio approach) e.g. Minderoo, Macquarie

6

Collaborate with big thinkers. Impact investing brings together people from diverse backgrounds to solve societies most pressing challenges.

The missing 'S' – a little inspiration / challenge!

1

Equity partnerships with First Nations

- Indigenous co-ownership – enables self determination & economic development
 - 'Equity is the purest form of consent'
- Access to capital a major barrier
- Company's can help FN address this through 'cash forward approach' (a form of CII)

2

Place-Based Impact Investment

- SME's in many 'host' communities lack access to capital
- Restricts economic development and impacts living standards
- Place-based II Fund – to provide loans (or equity) to SMEs
- Builds / diversifies local economy



Living
standards



Employees
Suppliers



Investors
crowd in

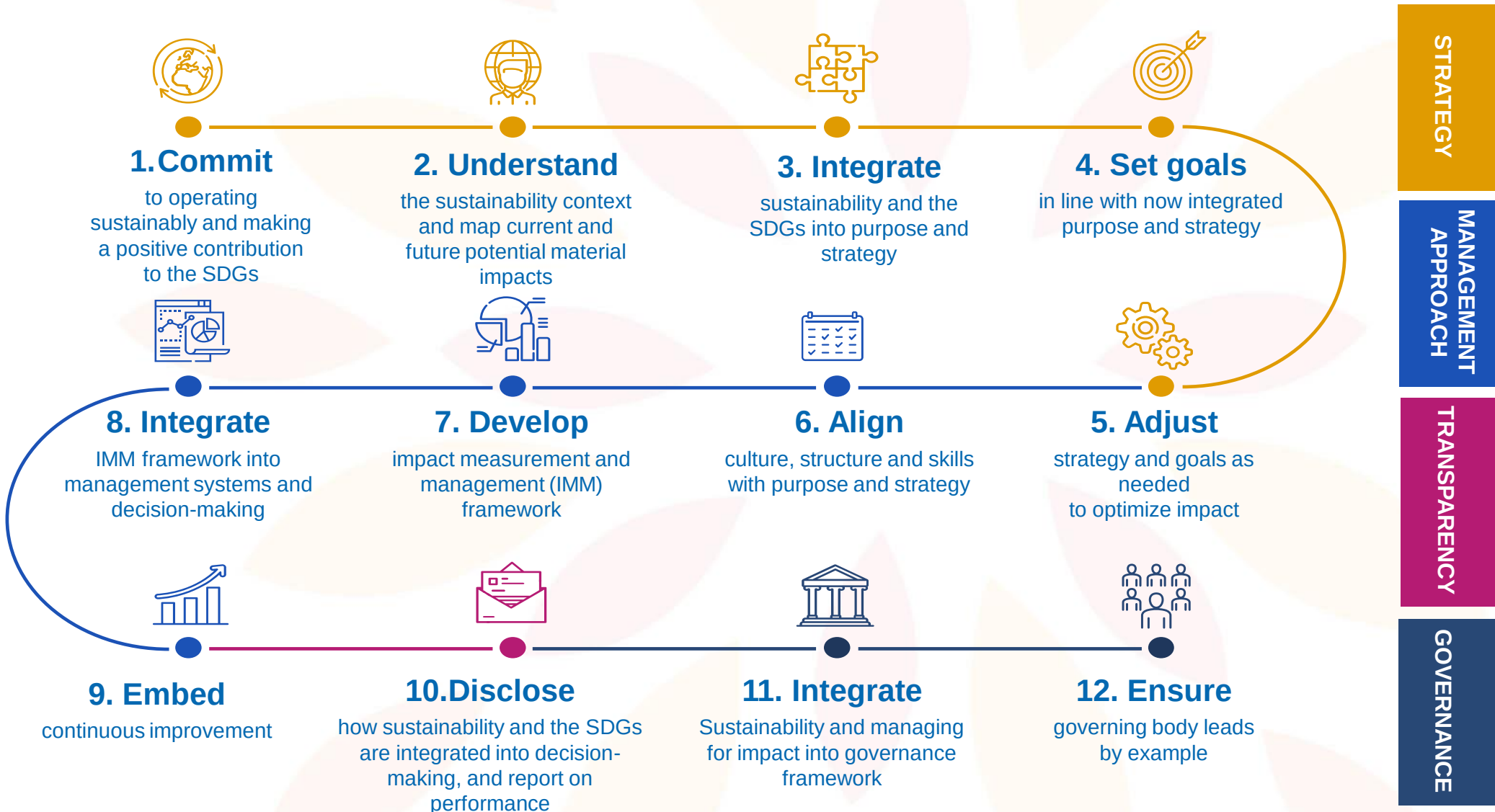
3. Embedding Impact Management *to ensure alignment of Sustainability, ESG and Impact Investments with organisational strategy*

SDG Impact Standards — *support organisations to make better decisions by placing sustainability at the heart of value creation and central to purpose.*

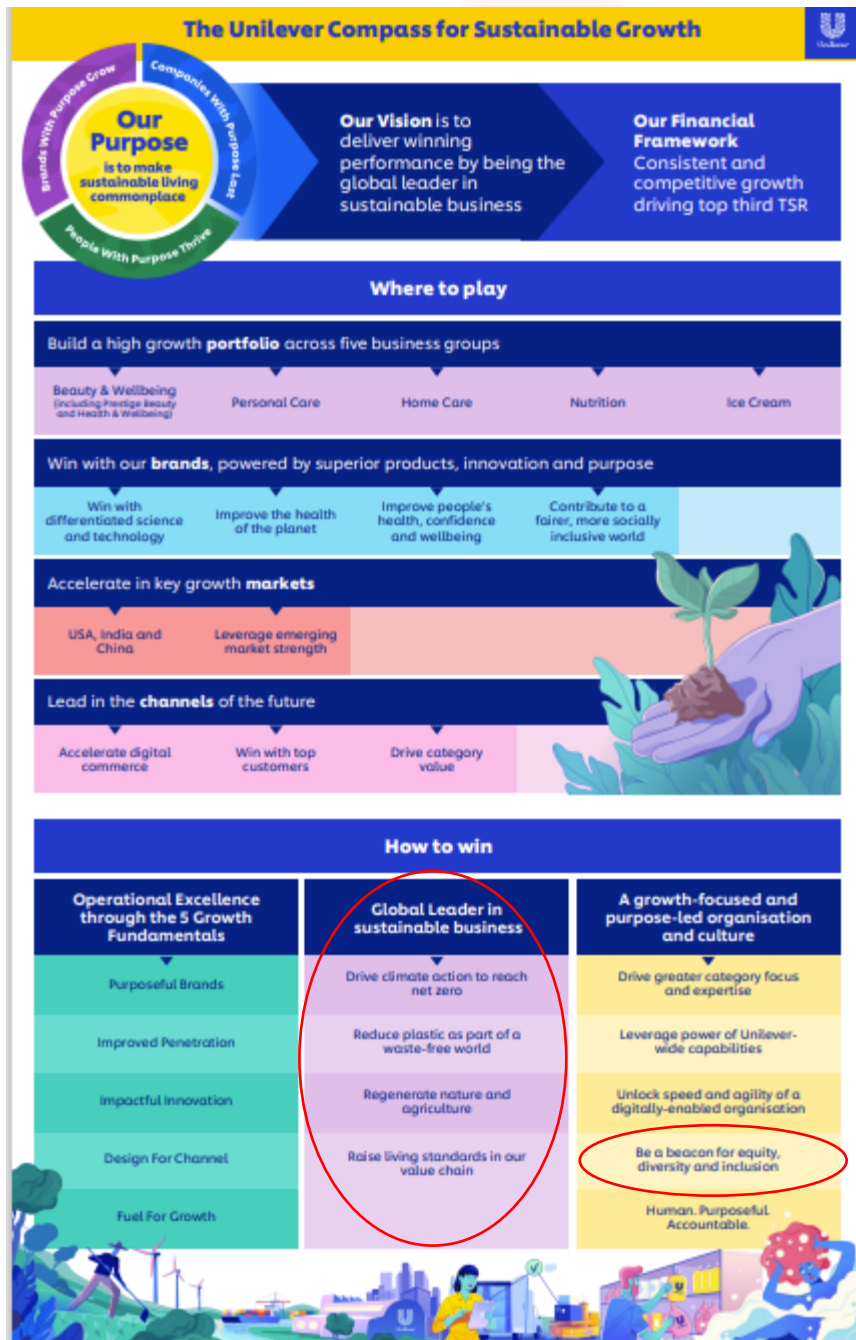
- Management standards designed to guide businesses and investors to embed sustainability at the core of their internal management and decision-making practices
- Guide businesses and investors to:
 - Decide which impacts are important and relevant.
 - Determine how those impacts should be managed (measured & optimised)
 - Manage risks.
 - Ensure governance practices reinforce commitments and intent
 - Meet reporting and disclosure commitments.



The Impact Standards include 12 Actions...



A good place to start is with an assessment of how your company is tracking against these actions (a self assessment tool is available)

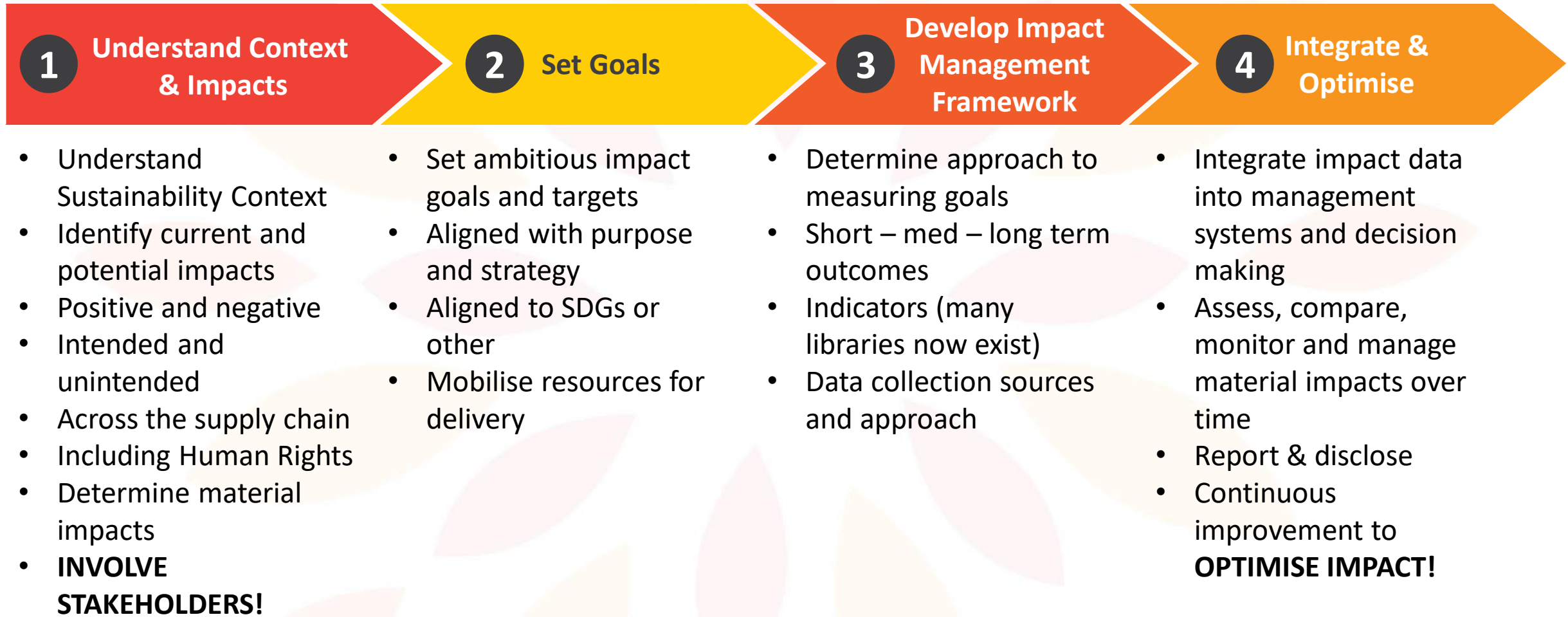


Example: Unilever Compass

Purpose: “to make sustainable living commonplace”.



Measuring the 'S' in ESG – Getting Started



Measuring the 'S' in ESG: Lessons Learnt



Thanks!



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Business for good



SDGs mapped against ESG...

Figure 1: SDGs Mapped Against Environmental, Social, and Governance Categories

