ISSUE BRIEF

INSTITUTIONAL ASSET OWNERS:

APPROACHES TO SETTING SOCIAL AND ENVIRONMENTAL GOALS

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GIIN
GLOBAL IMPACT INVESTING NETWORK

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About the Global Impact Investing Network (GIIN)

The Global Impact Investing Network (GIIN) is the global champion of impact investing, dedicated to increasing the scale and effectiveness of impact investing around the world. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. For more information, see www.thegiin.org.

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LETTER FROM THE CEO

Dear reader,

Our publication of this important issue brief comes amidst a churn of global tumult. The coronavirus pandemic, which originated as a health crisis, has now exposed a fraying and unequal system that undermines basic social order. At the same time, the ravages of the climate emergency are disrupting lives, livelihoods, markets, and natural systems.

No one can ignore these seismic jolts, and institutional asset owners are uniquely exposed to the risks posed by such shifts. Ever mindful of their fiduciary obligation, such investors increasingly see the many ways that the climate crisis and deep social inequities threaten both the long-term value of their assets and the well-being of their beneficiaries. Simultaneously, new policies and emerging regulation are beginning to shape how such asset owners incorporate impact alongside risk and return.

In this context, capital inflows have climbed for investment products that incorporate some consideration of impact – in other words, some consideration of the real-world outcomes that the investments generate. This momentum has been driven by institutional investors, who hold significant pools of capital and thus wield immense power, especially in private markets.

Institutional investors have the capital and scale to continue meeting their fiduciary duty, while also generating greater impact.

However, many institutional asset owners could be using their power in even more efficient, more effective ways. This new series of issue briefs, specifically tailored to institutional audiences, is intended to help.

These briefs will guide toward approaches that better realize such investors' tremendous potential for positive impact. Institutional investors have the capital and scale to continue meeting their fiduciary duty, while also generating greater impact. When they incorporate impact efficiently and effectively, they can mitigate the very issues that threaten the long-term value of their assets and leverage their capital to help address the world's most intractable challenges.

Investing with an impact lens begins with setting goals. Goal setting – that is, the process of identifying impact priorities and establishing impact targets – is the foundation for measurement of real-world outcomes and for understanding how a portfolio performs on the basis of impact. It is the vital first step on the pathway toward a strong impact portfolio.

More and more investors are, in fact, identifying their priorities and establishing impact targets for their investments. However, aside from the climate context, many institutional asset owners are still using these tactics less than they could. Without clear goals, the measurement of a portfolio's real-world outcomes becomes more difficult – or worse still, the impact itself may be diminished or misdirected. In a vacuum of explicit targets, it is also more difficult to build organizational buy-in around the consideration of impact.

Institutional asset owners – especially those who recognize how a changing world affects their responsibility to their beneficiaries – have vast opportunity to generate positive change. In order to successfully translate impact intentions into real world results, such investors can start by identifying the specific impact they intend to achieve through their investments.

Time is of the essence for a sustainable planet, for a stable society, and for a resilient economy. We hope this brief and those that follow can help guide institutional investors' journeys toward greater impact. After all, the long-term value of their assets – and the well-being of their beneficiaries – are at stake.

Best regards,

Amit Bouri
Co-Founder and CEO of the Global Impact Investing Network
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Introduction

Institutional asset owners around the world are increasingly integrating social and environmental considerations into their portfolios and investment strategies. At the bare minimum, asset owners are fundamentally aware that they cannot ignore their fiduciary commitment to their ultimate beneficiary, the clients, customers, or pensioners at their institutions. With growing regulatory shifts as well as the stark realities of climate change and societal challenges, institutional asset owners are beginning to recognize that these factors affect the very value of the assets they own in the long term. No longer are asset owners asking if they should consider real-world outcomes, but rather what is possible, and how can an impact-oriented strategy be executed.

With a growing interest in incorporating impact into a portfolio, asset owners consider measurement tools, frameworks, and processes to track their impact. Yet, impact performance progress must be assessed relative to goals that are identified up front. By measuring and managing impact relative to impact goals and targets, asset owners may use the resulting insights to make discerning portfolio decisions that best enable them to set strategy, manage portfolios, consider exits, and re-visit targets to adjust as needed, thus balancing risk, return and impact considerations.

Identifying impact priorities and setting targets is thus a foundational step in this process. Often a big hurdle for asset owners is determining which goals to target that can be meaningfully addressed through their investments—across asset classes, geographies, and sectors. This issue brief, part of a research series targeting institutional asset owners, focuses on asset owners' approaches to setting priorities and selecting impact targets. While the sample reflects that most institutional asset owners are not currently setting impact targets, nearly all investors in this research have articulated climate as an impact priority in the context of their fiduciary duty.

Firstly, this brief identifies the key challenges that institutional asset owners face when setting impact priorities and how they have sought to overcome such challenges. Secondly, the research delves into top-down and bottom-up approaches to setting targets. Finally, the research offers next steps for investors to routinely define their social and environmental priorities as part of their investment processes and in so doing, differentiate themselves in the market.

Institutional asset owners can pursue intentional impact strategies to move beyond the conventional where the goal is an efficient portfolio that does no harm and may have positive consequences. Rather, this issue brief offers a basis for institutional assets owners where real-world outcomes or impact can be integrated as an equal lever alongside risk and return. Thus, significant opportunity exists to use asset owner portfolios as influential tools that serve their beneficiaries but also the planetary and social condition in which those beneficiaries may thrive.

KEY INSIGHTS

1. **Institutional asset owners consider key factors to set impact priorities that can be both challenges and opportunities; these include senior leadership and organizational culture, investment beliefs, internal expertise, regulatory environments, and external environmental and societal drivers.**

2. **While many asset owners in the sample do not set impact targets, those that do consider a variety of choices to characterize their targets. For environmental impact, asset owners set targets that are quantifiable and specific, drawing on science-based reference points; however, social targets cited by asset owners are frequently qualitative and broad.**

3. **Two common emerging strategies for setting targets include a top-down approach where targets are set at the portfolio level and a bottom-up approach where targets are set at an investment level.**

4. **As next steps, asset owners aspire to use impact metrics to track data and inform targets, align with fund managers to identify appropriate targets, and aggregate targets up from the investment level to thematic areas.**

Methodology

Inclusion criteria and sampling

Respondents in the research include only those institutional asset owners that have begun to make investments with the intention to generate positive, measurable social and environmental outcomes alongside a financial return. The GIIN provided its definition of impact investments (see 'Definitions' list), which respondents used to self-report their eligibility. The Research Team pursued a narrow outreach approach, targeting pension funds and insurance companies that sit at varying stages of their journeys to integrate impact into their portfolios. In total, the survey was sent directly to 64 institutional asset owners globally, among whom 16 were invited to share perspectives in one-on-one research interviews. The full list of participants is included in Appendix 1. The research process was conducted alongside the GIIN's 2021 Asset Owner Roundtable program.

Data collection

Findings in this issue brief are derived from a mixed-methodology approach, relying on both quantitative and qualitative data from institutional asset owners that seek to generate positive, measurable social and environmental outcomes within their fiduciary context. Specifically, findings are derived from:

- A quantitative survey completed by 18 institutional asset owners on approaches to investing capital with an aim to generate positive social and/or environmental outcomes and challenges faced in pursuing impact strategies;
- Qualitative interviews with 14 institutional asset owners based primarily in the U.S., Canada, Europe, and Australia (among whom eight also participated in the survey) to understand approaches to setting impact priorities and selecting targets;
- Desk research on the institutional asset owner landscape, regulatory environment, and resources available for setting impact targets.

Early research findings were shared with participants of the GIIN Asset Owner Roundtable program in early May 2021 to test for resonance and facilitate a group discussion among participants on setting impact priorities and targets.

Institutional asset owner context and definitions

While the institutional asset owner landscape is diverse, this issue brief focuses specifically on pension funds and insurance companies, and does not reflect perspectives from mutual funds, diversified financial institutions, endowments, and other organization types that are active in the impact investing industry. Both pension funds and insurance companies carry a fiduciary duty, or an obligation to act in the best interest of their pensioners, beneficiaries, and/or clients. While insurance companies provide insurance policies and annuities, offering written protection against uncertain risk, pension funds are a collection of pooled assets managed to earn a return over time to meet long-term obligations. Both therefore exercise a long-term, liability-driven investment strategy across their portfolios. However, insurance companies and pensions funds themselves are diverse, spanning the globe with varying business models, stakeholder relationships, and client bases.

Global developments, such as the United Nations Principles for Responsible Investment (UNPRI) and EU Taxonomy, have elevated the role of social and environmental considerations in asset owners' investment decisions. A growing group of investors are not only considering these factors to avoid negative risks but are also beginning to intentionally contribute to positive real-world outcomes, or impact, in areas such as climate solutions and social equality. Institutional asset owners are demonstrating their intentions to invest with impact through commitments to expand assets under management allocated towards impact strategies.

Definitions

The role of language and definitions has been a feature of this research in two noteworthy areas. Firstly, various terms are used interchangeably to describe the same investment activity. For example, institutional asset owners use a variety of terms, such as real-world outcomes, real economy impacts, and positive outcomes, to describe their impact. Across these examples, investors are seeking and often tracking positive, measurable social and/or environmental impact. Secondly, several respondents have shared reservations to use of the term 'impact'. Respondents indicated that 'impact' in the institutional context may be associated with the perception of sub-optimal performance or investing with a concessionary lens at the expense of their fiduciary responsibility to optimize financial performance. However, others in the sample do use the term impact investing and recognize the potential to achieve financial returns alongside impact.[1]

With this note in mind, use of the following terms in this issue brief is clarified below.

Fiduciary duty: An obligation to act in the best interest of another party. (Investopedia)

Impact: Positive social and/or environmental results; also used interchangeably with 'positive outcomes.'

Impact category: Sectors that align with the industry classes standardized by The International Standard Industrial Classification of All Economic Activities (ISIC) and based on the input received hundreds of stakeholders involved in the development of IRIS+. (IRIS+ Glossary)

Impact investments: Investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. They can be across asset classes, in both emerging and developed markets, and target a range of returns from below-market to market-rate, depending on the investors' strategic goals. (GIIN)

Impact theme: The type of strategic objectives or approaches investors or enterprises employ to achieve the primary social and/or environmental effect they intend to delivery. (IRIS+ Glossary)

Investment beliefs: Set the direction for investment policy, investment practice, and organizational culture. They help define how the asset owner will create investment value, in the context of future uncertainty, risk and opportunity. (UNPRI)

Target: A quantitative or qualitative goal against which progress is measured.

1 Impact investments have diverse financial return expectations, ranging from below-market-rate to risk-adjusted market-rate returns. A majority of impact investors pursue market-rate returns and report overwhelming satisfaction with their financial performance relative to expectations. Learn more about the financial performance of impact investments here.

Setting impact priorities

Nearly every investor included in the sample considers social and/or environmental information when making investments across their entire portfolio. Most commonly, institutional asset owners use complementary strategies to impact investing, such as integrating Environmental, Social, and Governance (ESG) considerations and negative screening to mitigate risk. However, despite growing interest to incorporate impact into their investment process, most institutional asset owners have not yet identified a systematic approach to investing to generate positive social and/or environmental impact across their full portfolio. While many are driving toward net-zero ambitions at the portfolio or organization level, the vast majority are currently integrating investment processes that aim to deliver intentional, positive impact within only a portion of their portfolios, often as a carved out mandate or, less frequently, within a designated asset class.[i]

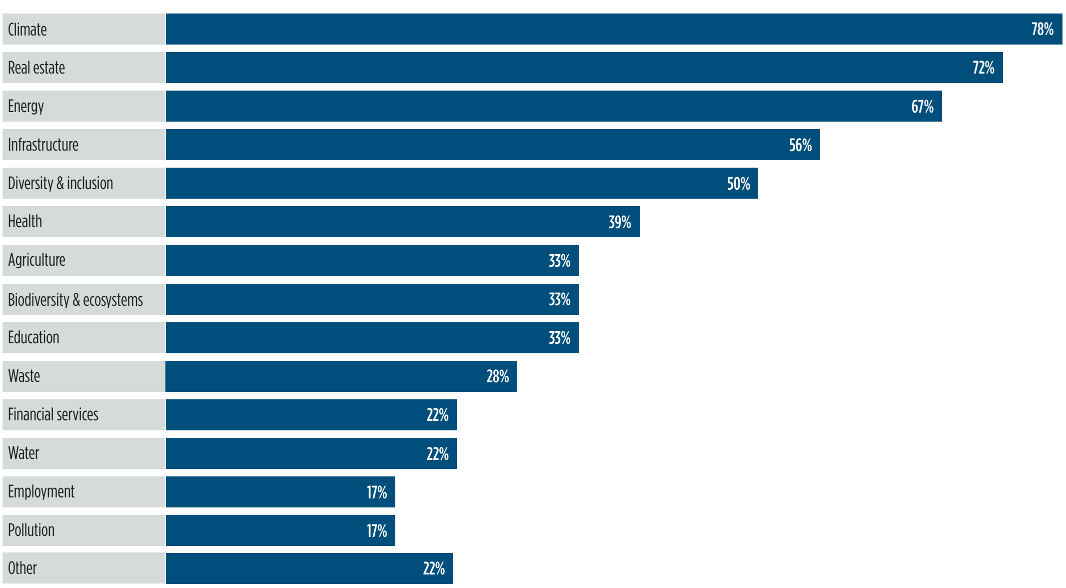
Asset owners sit at various starting points in their journey towards integrating impact into their investment processes. While some are just beginning to identify impact themes, others are prioritizing impact themes within their portfolios to drive positive change, and a small handful of interviewees are actively measuring and managing that impact.

Approaches to impact prioritization

Asset owners included in this sample have already begun on their journeys in pursuing impact and have demonstrated that they can justify pursuit of positive outcomes in relation to their mandate. Several considerations have enabled these institutional asset owners to begin integrating impact into their portfolios, including investability, whereby investors are increasingly finding financially attractive investment opportunities that can also generate positive impact, and shifting regulatory frameworks that recognize climate change and other global challenges as financially material.

Most asset owners included in the sample seek to achieve impact across three to five impact categories, most often climate, real estate, energy, and infrastructure (Figure 1). Institutional asset owners have largely coalesced around climate change as a financially material risk factor, recognizing the significant negative effects of the climate crisis on their long-term investment strategy and prioritizing climate action accordingly. As a result, institutional investors are focused on addressing environmental challenges, reporting that portfolios that are prepared to mitigate climate change and transition to a low-carbon economy are likely better positioned for stronger long-term financial performance. A smaller proportion of respondents focus on addressing social challenges. Those that focus on social impact categories primarily cited diversity and access to basic services as priorities that form part of their strategy. Naturally, environmental and social impact overlap, and most investors in the sample recognize the social implications that result from their primary focus on environmental outcomes. Perhaps unsurprisingly, investors included in the sample most commonly target the following Sustainable Development Goals: Affordable and Clean Energy (SDG 7), Climate Action (SDG 13), and Sustainable Cities and Communities (SDG 11).

Figure 1: Impact categories targeted by asset owners
n = 18; respondents could select multiple impact categories for their portfolios.



Note: These impact categories align to the IRIS+ system. 'Other' includes land, oceans, and air.
Source: GIIN, 2021, Institutional Asset Owners: Approaches to setting social and environmental goals

Respondents identified both internal and external considerations that influence their prioritization of certain impact themes relative to others.

Internal capacity and stakeholders: Several interviewees referenced internal expertise as a factor that influences selection of impact themes. Investors shared that they prioritize impact opportunities in areas where they have already established a knowledge base to leverage economies of scale and existing investment expertise. For example, a few asset owners have built an impact strategy that prioritizes sustainable land management within their various sustainability impact themes, given significant ownership of land assets, and the ability to leverage their own internal expertise to seek positive environmental outcomes. Another pension fund has prioritized affordable housing given its fund managers already invest into real estate and the pension fund is keen to play to its strengths while also creating an impact. In most cases, interviewees also identified client interest and importance to stakeholders, such as beneficiaries or pensioners, as a relevant factor when selecting priorities and determining how capital is managed and allocated. A few insurance companies, for example, identified longevity, aging, and health as important to their own mission and clients, which therefore helped drive impact focus on well-being and healthcare.

Investment opportunity and pipeline: Nearly all interviewees described the degree to which an impact theme is investable at scale as a key reason for prioritization. Naturally, impact themes that address climate change or environmental sustainability, including renewable energy, sustainable agriculture, and forestry, are viewed as justifiable from a financial and risk perspective. Interviewees describe this justification as critical to ensure that their investments continue to achieve risk-adjusted, market-rate returns for clients or shareholders in the long-term in alignment with their investment beliefs and fiduciary mandate. A majority of interviewees also cited an attractive market landscape and finding strong pricing opportunities as a reason to pursue one impact theme over another. In fact, several pension funds highlighted available market opportunities as rationale for targeting broad impact areas, such as climate, resilience, well-being, or diversity; doing so affords the asset owner or their asset managers the opportunity to select financially attractive investment that will also fit into a wider impact mandate. Other asset owners spoke to the detrimental consequences of global warming on communities in their geographic region(s) of investment as another external influence that has narrowed their focus to water management in the Netherlands, for example, or access to affordable housing in the U.S.

Key factors in identifying impact priorities

Once institutional asset owners have decided to adopt an impact lens for a portion of their portfolio, several key factors emerge as critical to determining their focus across a variety of impact themes. Each of these factors are often challenges as articulated by institutional asset owners in setting impact priorities; yet, each factor can also be leveraged as an opportunity to facilitate setting impact priorities, as made evident by investors in the sample.[2] As regulatory environments shift and society increasingly demands that capital be allocated toward tackling the urgencies of climate change and growing inequalities, investors are identifying ways to respond within their institutional context and fiduciary duty.

i. Senior leadership and organizational culture

Interviewees described internal stakeholders, primarily the board of directors/trustees and senior leadership, as critical influencers that can be both a barrier and an enabler to investors incorporating impact considerations into investments. The perception of sacrificing on the primary objective, namely paying out pensioners or benefitting clients, remains a widely held view by many asset owners globally. Perhaps unsurprisingly, senior leadership teams will often ask "how much does it cost?" when presented with opportunities to pursue impact investing, as articulated by several asset owners in the sample.

Building internal buy-in and demonstrating feasibility in optimizing for risk, return, and impact is critical to selecting impact priorities. To do so, several investors described the need to create internal buy-in through a 'proof of concept' approach. For example, investment teams have provided data to senior leadership highlighting that seeking positive social and environmental outcomes does not necessitate sacrificing financial performance, and in fact demonstrating that strong results that can be achieved through impact strategies. The 'proof of concept' approach has enabled several interviewees to create a small carved out portion of the portfolio and invest with impact to demonstrate the resulting financial and impact performance. Multiple interviewees described how pursuing investments that address climate change, in particular, is additive to a long-term strategy and a rational business case. This approach has been effective for several investors in the sample, who have justified a portfolio carve-out focused on impact to subsequently expand the carve-out itself or grow impact across multiple portfolios after the senior leadership team has reviewed evidence of strong performance. Several asset owners have also built buy-in among senior leadership by bringing in peer examples, another common strategy pursued by investors in the sample. For example, several pension funds requested a peer

2 These factors have been adapted from the framework presented in the following research. Jarrod Ormiston, Kylie Charlton, M. Scott Donald & Richard G Seymour (2015), Overcoming the Challenges of Impact Investing: Insights from Leading Investors, Journal of Social Entrepreneurship, 6:3, 352-378. Each of these factors can prevent investors from including impact investing in their portfolios, but can also facilitate the deployment of impact investing strategies.

institutional investor to present the financial viability of an impact strategy to the Investment Committee or senior leadership team, or both, which subsequently enabled these pension funds to pursue impact priorities within their own organizations.

One pension fund leveraged senior leadership to grow its impact investing portfolio by presenting the concept to the senior leaders and the investment teams, demonstrating through real impact investment examples that pursuing impact within an institutional context is a competitive strategy. Over the course of several years, the team grew from two individuals to six, expanding its expertise in impact measurement and management. Soon, the Chief Investment Officer (CIO) fully implemented an impact strategy, shifting the organization's strategy to become impact-oriented across its private debt, private equity, real estate, and infrastructure investments. The organization has since re-structured its investment teams to include at least one impact professional on each investment team.

In other cases, the impetus to pursue impact has come directly from the board of directors, who has articulated a broad sustainability vision. The board mandate has been especially prevalent in cases where members on the board or trustees are intrinsically motivated or hold roots in a specific sector, for instance healthcare. Two interviewees described their respective boards stating portfolio-wide targets of net zero emissions by 2050, in line with the United Nations-Convened Net-Zero Asset Owner Alliance. In both cases, the senior leadership and investment teams are determining a strategic roadmap and identifying relevant tools to achieve this impact target. Interviewees agreed that ensuring leaders are mission-driven and can use their own strengths to build an impact strategy is critical to identifying impact priorities.

Example: Prudential Financial

Prudential Financial, with USD 1.5 trillion in assets under management as of March 2021, offers a variety of insurance products and services to individuals and businesses globally. Over the past several decades, Prudential has built significant buy-in among its senior leadership team to pursue investments that generate financial returns while creating positive, measurable social impact. In fact, Prudential first established an in-house community investing team in 1976, seeking to leverage capital to meet pressing social challenges. Since then, Prudential has invested more than USD 2 billion in impact investments, of which nearly USD 587 million has been committed to their headquarter city of Newark, NJ in the last decade. In 2020, Prudential surpassed its impact investment portfolio target of USD 1 billion, with a portfolio comprised of close to 200 investments that seek to tackle financial inclusion, affordable housing, education, and quality employment. The Impact and Responsible Investing team monitors the field regularly to identify opportunities at the nexus of capital and impact, in search of ways to innovate. For example, in the affordable housing space, as the U.S. housing crisis has deepened, Prudential has identified actors using innovative approaches to deliver or preserve affordability without relying on direct subsidy. Prudential recognizes that some of these approaches are growing mature and may be investable but may need an institutional partner to achieve scale. The team at Prudential also evaluates their transactions to achieve their financial performance objectives, while also generating social impact. In 2021, Prudential developed a four-dimensional impact assessment tool, which seeks to integrate impact throughout the investment process by operationalizing a set of activities and tools for consistent execution from due diligence to impact measurement during the investment and through exit. As part of the process, Prudential selects a set of impact key performance indicators (including the establishment of a baseline) at inception, allowing Prudential to assess ex-ante and ex-post impact performance.

ii. Investment beliefs

Nearly all institutional asset owners interviewed shared that investment beliefs play a fundamental role in influencing selection of impact priorities. Pension funds are focused on delivering long-term value for their pensioners and rely on liability-driven investment strategies, which enable pension funds to pay out benefits when they are due. Similarly, insurance companies tend to invest premiums they collect from clients, with a focus on both short- and long-term liability. Given this long-term approach, institutional asset owners most often cited investment horizon, portfolio diversification, and long-term liabilities as 'very influential' in their investment strategy. Interviewees agreed that a climate strategy is most easily integrated into their investment beliefs and viewed as financially material for their end clients, consumers, or beneficiaries, given the existing evidence on the climate crisis and the realities for long-term assets.

Institutional asset owners are bound by fiduciary duty to prioritize financial return. In recent years, the UNPRI and UN Environment Programme Finance Initiative (UNEPFI) research has demonstrated that not considering all long-term investment value drivers implies a failure of fiduciary duty.[ii] Given that climate has now been acknowledged to influence financial return, several pension funds have incorporated climate considerations directly into their investment beliefs, which are frequently articulated in relation to factors that driven financial return. Institutional asset owners are also increasingly cognizant of the threat of climate change and related global emission pathways presented by the Intergovernmental Panel on Climate Change (IPCC) on their long-term investments. Asset owners are therefore faced with justifying impact in relation to their existing investment beliefs or modifying their beliefs to establish a rationale.

Several interviewees have indicated that climate-related impact themes clearly align with their existing investment beliefs and can be adopted as a priority. Other pension funds are considering expanding their beliefs to invest into the social and environmental conditions that their members or pensioners would like to see when they retire. Across the board, nearly all interviewees identified the long-term risks associated with climate change and community need as two critical priorities, pointing to the "financially material risk of not investing in impact." While the relationship is not as clear on social outcomes for some interviewees, others have linked social impact related to healthcare, financial services, diversity, and education to their long-term duty towards shareholders, clients, pensioners, and beneficiaries, reflecting some consensus around building toward a world in which their stakeholders would like to live in or retire into.

Example: CalSTRS

The California State Teachers' Retirement System (CalSTRS), the second largest pension fund in the U.S. with assets of USD 306.6 billion as of May 2021, developed nine investment beliefs that offer a framework for its investment decision-making in a way that enables CalSTRS to meet its fiduciary goal. The board's duty to its members and beneficiaries is stated to take precedent over any other duty. CalSTRS' Investment Policy recognizes that the organization can neither operate nor invest in a vacuum since its long-term investment horizon links the success of CalSTRS to global economic growth and prosperity. With a clear recognition among the board of directors and senior leadership that consideration of material social and environmental factors is additive to long-term performance, CalSTRS is focused on fostering "a future that is better for its teachers to retire into," as explained by Nicholas Abel, Sustainable Investment Officer. In fact, CalSTRS has built into Investment Belief #9 that investment risks associated with climate change and the related economic transition materially impact the value of CalSTRS' investment portfolio. By incorporating the effects of climate change explicitly into its investment beliefs for its portfolio, CalSTRS is able to invest with climate considerations in mind in order to achieve its required risk-adjusted returns alongside other positive outcomes important to the organization and its members. Additionally, CalSTRS expanded the Sustainable Investment team's portfolio responsibilities, capped at 5% of the Total Fund's assets, to include private markets. This new sustainable private market portfolio has the dual objective of both providing a source of additive long-term capital appreciation for the Total Fund and securing investments that have a demonstrable positive contribution towards a more sustainable global economy. The portfolio does not seek to replicate investments that already exist in other parts of the CalSTRS portfolio. Instead, it aims to create a systematic platform to expand investment opportunities in private markets. CalSTRS demonstrates how an allocator can build an economic case for impact that aligns with fiduciary goals.

iii. Internal expertise

Nearly all interviewees agreed that organizational strengths and internal knowledge influences the prioritization of impact themes. Several institutional asset owners have cited their own lack of general knowledge on specific impact themes, such as sustainable agriculture, healthcare, or financial inclusion, as a barrier to pursuing impact in these areas. For example, one pension fund described sustainable land management as especially difficult to pursue given their lack of ownership of real assets, while others in the market may dominate here given their significant land assets. Several interviewees explained how they intentionally avoid a specific sector recognizing that they do not possess a competitive advantage in that area relative to other players in the market. This has influenced their selection of impact priorities.

While cultivating this internal expertise can certainly be a challenge, institutional investors have identified strategic approaches to rely on their existing competitive advantage across asset classes and sectors. In several cases, investors pursued impact within a specific asset class or industry, such as real estate, to leverage economies of scale and build on that internal expertise, described in several cases as creating a significant competitive advantage. Another strategy described by a few institutional asset owners included building internal expertise in an impact theme over time through experimentation and 'learning by doing.' Though time-consuming, investors described this approach as effective in growing their focus on impact. In fact, one pension fund spent five years making various investments into related sub-sectors, within agriculture for example, and slowly expanding into adjacent sub-themes to facilitate their learnings before establishing sustainable agriculture as an impact theme and intentionally pursuing further impact in that area. By learning about adjacent sub-sectors, the pension fund was able to build capacity and knowledge internally about an impact area, much like a private equity fund would approach learning about new business models. Interviewed investors are consistently assessing potential to pursue impact within the context of their own internal capability and ability to generate financial returns in the long-term.

Example: The Church Commissioners for England

The Church Commissioners for England (CCfE) manages a USD 12.85 billion investment fund and supports the Church's growth through its sustainable approach to ethical and responsible investments. As part of its commitment to the Paris Agreement and 2050 net zero target, CCfE selected investable environmental themes aligned with its mission and investment goals. Using three broad environmental areas to articulate the impact vision to its Trustees, CCfE identified in its Real World Impact Framework (published in 2020) eight environmental impact sub-themes linked to their mission: Renewable energy, energy efficiency, responsible production, green buildings, sustainable agriculture, water, sustainable forestry, and nature-based solutions.[iii] CCfE tracks its alignment and progress against these themes each year.

In addition to its securities portfolio, CCfE holds an extensive and diverse property portfolio comprising historic and recent acquisitions across asset types, including farmland and forestry, residential property, commercial property, strategic land, and indirect property, rendering impact themes within these areas especially investable. CCfE has been able to leverage its competitive advantage, namely property ownership, but also its mission to pursue and grow its climate impact and meet its financial performance expectations, achieving an average return of 8.5% net of all expenses each year. As a next step, CCfE intends to embed impact into its entire fund and articulate investment risk using an impact lens by continuing to rely on its internal expertise and specialist fund managers over the next three years.

iv. Regulatory environments

As regulatory frameworks continue to develop globally, new regulations and reporting standards are beginning to govern how institutional asset owners manage and allocate capital by advocating that asset owners need to consider risk, as described in the example below. This has opened opportunities to investing in impact-oriented business solutions. In all European Union (EU) countries, environmental considerations are now included within the fiduciary duty of care. Statements from financial regulators, including central banks, have indicated it is well within the fiduciary obligation to take such considerations into account.

The regulatory environment has also shifted as the Paris Agreement has gained global consensus, and it continues to evolve rapidly as regulatory bodies are increasingly encouraging asset owners to assess and disclose their climate-related risks and opportunities based on climate scenario analysis. This is due, in large part, to the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), which seeks to improve and increase the reporting of climate-related financial information to demonstrate the sustainability of investment portfolios. Specifically, the Sustainable Finance Disclosure Regulation (SFDR) requires a firm to disclose the adverse effects of investment decisions on sustainability factors, including product-level disclosures in relation to: i) products that promote environmental or social characteristics (Article 8) and ii) financial products that have sustainable investment as their objective (Article 9). However, the industry is now looking to better understand the implications of such articles from an impact perspective.

Example: European regulatory requirements

The European Commission launched an Action Plan for Financing Sustainable Growth in March 2020 which propels the financial sector forward in tackling climate change and offers clarity on institutional investors' incorporation of sustainability into its portfolio. Amendments in the European Parliament to integrate ESG considerations into investment management and the recent launch of the EU Taxonomy Regulation for environmentally sustainable activities are influencing investment strategies both within the EU and beyond the economic block. Institutional asset owners are increasingly disclosing carbon emissions and recognizing the urgency of climate action. The EU taxonomy offers a compliance approach and seeks to ensure that those who are claiming to pursue sustainable or impact solutions are, in fact, doing so. While existing policy primarily focuses on climate, as reflected in institutional asset owners' prioritization of climate impact in their own portfolios, a social taxonomy will also be developed over the coming years to acknowledge social objectives and build toward a standardized classification system for social impact.[iv]

v. External societal and environmental drivers

Key stakeholders and perceived societal expectations have played an important role in driving impact prioritization. While respondents have cited prioritizing social and environmental areas of focus as a challenge, not a single institutional asset owner indicated that severity of social or environmental need was the primary reason for pursuing impact. Interviewees described that once their board of directors or trustees have decided to pursue impact, the organization subsequently turns to investability as a key factor to determine impact priorities. Nonetheless, several respondents indicated that a local or global social or environmental need has, in fact, influenced strategic decisions to prioritize one impact theme over another. For example, several interviewees emphasized the lack of affordable housing in their respective countries of operation as rationale for pursuing housing as an impact theme. Strong desire from stakeholders and a shared interest from members, such as pensioners, beneficiaries, clients, and shareholders, has also resulted in significant pressure on institutional asset owners to invest with impact. In fact, several interviewees cited concerns around reputational risk and remaining relevant to their stakeholders if they do not actively pursue positive outcomes. While incorporating climate impact into investment portfolios has increasingly become a baseline expectation, as articulated by multiple interviewees, integrating social outcomes is moving in the same direction and is often articulated as part of the investor's mission.

Interestingly, some interviewees described achieving significant impact in the context of generating the greatest possible impact for each dollar invested, and acknowledged that investment into some sectors or business models may lend themselves to a greater scale, depth, and/or breadth of impact than others. Institutional asset owners are evidently reflecting on the ratio between capital invested and potential impact achieved, not unlike other impact investors. Asset owners are keen to ensure that capital is deployed in a way that is meaningful and efficient in both financial and impact terms.

Setting targets

Targets set by institutional asset owners

Once a set of impact priorities have been selected, institutional investors begin to reflect on how to achieve their impact priorities and integrate targets into their investment portfolios. Targets, defined as quantitative or qualitative goals against which progress is measured, can play a critical role in allowing investors to assess progress and manage impact accordingly and generally fits within a broader impact objective(s). Clear impact targets help investors to identify strong impact investment opportunities and manage their investments effectively. In addition to a barometer of progress to measure success, targets can also be used as a learning tool to encourage internal organizational adoption of impact considerations across the investment management process, with the opportunity to revise targets over time. For example, one interviewee shared that setting an impact target which is not time bound offers the investment teams an opportunity to better understand how to achieve a given impact target without a time constraint and rely on past years' learnings to work toward deepening their impact goals. While some investors set corporate or operational targets for their own institutions, target setting in this context refers to impact targets for the investment portfolio at either the organization, portfolio, asset class, or company level.

Like the institutional asset owner landscape itself, approaches to target setting are similarly diverse with no standard or uniform approach to selecting indicators against which to measure progress. Many institutional asset owners have begun their target-setting process with monetary targets as a proportion of total assets under management dedicated to impact. However, an asset allocation target for impact does not alone reflect the desired change created for stakeholders; therefore, investors are increasingly transitioning toward impact-specific goals, and the asset allocations follow.

Investors are scattered across different stages of their impact target-setting journeys. Less than half of respondents included in the sample reported setting quantitative impact targets at either the portfolio or asset class level. While most investors have yet to set any targets outside of the climate context, nearly all those included in this study recognize the value in measuring progress against a specific indicator or reference point, and indicated some interest in better understanding how to approach target setting and methodologies to inform their selection of quantifiable goals. Just a small handful of investors set specific impact targets at the portfolio level; others set targets at either the asset class or company level across impact themes.

Of those who do set targets, all but one reported that the board of directors, trustees, and senior leadership are involved in setting those targets, while very few indicated the same for their asset managers or investment teams. Several examples of targets set by pension funds and insurance companies for their own portfolios demonstrate the focus on climate-oriented targets (Table 1). Nearly every institutional asset owner in the sample is a member of the Net-Zero Asset Owner Alliance and have commitments to asset- or portfolio-wide targets of achieving net zero emissions by 2050 or decarbonization targets.

Table 1: Examples of targets set by institutional asset owners

Organization	Description	Target(s)
Aware Super	Australian superannuation fund with USD 69.7 billion in assets under management.	• Reduce carbon emissions by at least 30% in the equity portfolio • Advocating for an economy-wide 45% reduction in emissions by 2030 across their portfolio
Brunel Pension Partnership	Local government pension scheme based in the United Kingdom with USD 41.7 billion in assets under management.	• Reduce carbon intensity by 7% year on year • Achieve a minimum of 30% female representation on Boards and 25% on their executive teams.
Swiss Re	Insurance company based in Switzerland with USD 125.7 billion (as of year end 2020) in assets under management.	• Achieve net zero emissions across portfolio by 2050 • Reduce the carbon intensity of corporate credit and listed equities portfolios by 35% by 2025 • Improve financial access to basic healthcare for a total of one million low-income people by 2021
Zurich Insurance Group	Swiss-based global insurance company with USD 395.3 billion in assets under management.	• Avoid 5 million metric tons of CO_2 equivalent emissions annually • Benefit the lives of 5 million people per year

Note: This table offers some illustrative examples set by pension funds and insurance companies seeking positive impact in both climate and other impact themes, but it is not a comprehensive list of targets.
Source: GIIN, 2021, Institutional Asset Owners: Approaches to setting social and environmental goals

Several choices have emerged based on the nature of targets set by institutional asset owners:

- **Degree of specificity:** While some targets are described based on an indicator or metric, such as 'CO_2 emissions' or 'number of affordable houses' within a certain geographic context, others are broader qualitative impact targets, or goals, and seek to increase 'lives benefitted' or 'biodiversity' globally. Each requires different approaches to translate the targets to an appropriate measurement approach across an investment portfolio.

- **Quantitative or qualitative:** Several targets that investors shared were quantitative, primarily in the climate context both as absolute reference points and as a figure indicating change over time; for example, 'achieving net-zero emissions by 2050' or 'reducing carbon intensity by 30%.' However, many institutional asset owners who set targets state a qualitative description of the change they are seeking for the planet and/or individuals. For example, several asset owners described a qualitative goal to improve energy efficiency within its portfolio or increase access to affordable housing. Asset owners are seeking strategies to translate those impact goals to quantifiable targets that are backed by historical performance data or evidence to drive change in a given impact theme.

- **Time-bound nature:** Targets may be time bound and nearly all climate targets are. Climate scenario planning offers timelines across scenarios that can inform target setting, along with planetary boundaries, which makes setting a time frame in the context of climate goals feasible. In other cases, investors have actively chosen not to set a time horizon for the target, seeking to use the target as a learning tool rather than imposing a rigorous requirement.

- **Reference points:** Institutional asset owners report interest in relying on existing evidence and datasets to inform their target setting, in particular when selecting quantifiable targets. For those seeking to mitigate climate change, investors most frequently cite using science-based targets, which offer data-driven targets in line with the Paris Agreement as laid out in the Intergovernmental Panel on Climate Change (IPCC). While institutional asset owners do not currently rely on a comparable methodological approach for social impacts, there is opportunity to rely on existing datasets that reflect the social or environmental challenge, such as country-level World Bank data and the Sustainable Development Goal (SDG) indicators, to help inform quantifiable targets.

- **Level:** Targets can be set at the investment or company level, asset class level, portfolio level, and/or organization level. While climate targets are most common at the portfolio level, targets across a variety of impact themes are set at the investment level.

Two emerging approaches to target setting

Across impact themes, institutional asset owners are increasingly moving toward two approaches to setting targets. In some cases, investors apply a top-down directive at the portfolio or asset class level as a means of setting a target, most commonly across larger pension funds and insurance companies. In other cases, impact targets are determined organically within the portfolio based on past performance and set at the investee level, in particular for smaller organizations. And still in a majority of cases, institutional asset owners do not set targets at all. Instead, several of those investors have started by measuring and managing impact across a set of metrics, expressing interest in using historical impact performance data based on that measurement to eventually inform impact targets as their next step. Across the board, interviewees that do set targets describe using both internal expertise and external research to inform their quantifiable targets. The following are two target-setting approaches that some institutional asset owners are moving toward.

i. Top-down portfolio approach

Setting top-down targets across the investment portfolio is most common in the climate context. In addition to portfolio-wide targets to achieve net zero emissions by 2050, several interviewees also highlighted interim progress targets, such as achieving a 30% reduction in carbon intensity by 2025 or reducing total greenhouse gas (GHG) emissions by 30% by 2030. Often mandated by the board, trustees, or senior leadership team, the top-down portfolio approach requires investments teams across the institution or within an asset class to work toward a specific impact goal as they select and manage investments. This quantifiable approach to climate target setting is driven, in part, by the Net-Zero Asset Owner Alliance, which outlines a commitment for asset owners to achieve net-zero GHG emissions by 2050.

Net-Zero Asset Owner Alliance

The Net-Zero Asset Owner Alliance, a United Nations-convened group on climate leadership, has gained significant momentum in recent years among pension funds and insurance companies globally, among other asset owners types. As of June 2021, the Alliance comprises 37 institutional investors that have committed to transitioning their investment portfolios to net-zero GHG emissions by 2050 to align with a 1.5o C climate scenario, a target recommended not to exceed by an Intergovernmental Panel on Climate Change (IPCC) special report and reflected into the Paris Climate Agreement. All member asset owners are required to set and report on emissions reductions targets and interim progress across asset classes for which data is available.

To support institutional asset owners in setting quantitative climate targets, the Alliance has published the Inaugural 2025 Target Setting Protocol, developed based on the Science-Based Targets initiative (SBTi). The protocol offers key performance indicator measures and metrics for each asset class that can be used to assess progress against targets. The Alliance also encourages asset owners to set targets that are multifaceted, across four types: engagement targets, sector targets, sub-portfolio targets, and financing transition targets.

Portfolio-level climate targets, and related interim targets, offer a great degree of specificity and anchor on a single unit variable, namely carbon emissions, which several interviewees described as especially useful to track and measure progress. Several interviewees explained that a single unit is beneficial given that it can more easily be aggregated and compared across investments and funds. Climate targets also make it easier to stimulate the investment thesis. The methodology is evidence driven, derived from the SBTi, which offers clearly defined pathways to a zero-carbon economy. Specifically, these science-based targets demonstrate to organizations by how much and how quickly they need to reduce their GHG emissions to prevent the worst effects of climate change. Climate targets are also applicable across sectors, which enables asset owners to set climate targets at the portfolio and to pursue impact in investable themes without being limited to specific industries, sectors, or asset classes.

Yet, when it comes to social impacts, a majority of interviewees continue to grapple with the inherently subjective nature of selecting social impacts without a clear view as to which they should tackle. While reference points exist within social impact, such as government datasets on affordable housing, access to healthcare, or level of educational achievement, institutional asset owners have not yet determined an approach for how to identify priorities focused on social impact in a way that aligns to their purpose. This reflects, in part, the diverse nature of social impact. Across access to affordable housing, financial services, water, sanitation, and hygiene (WASH), healthcare, and other social impact themes, interviewees described impact goals that were inherently less specific and not quantifiable at the portfolio-level. One pension fund offered the 30% Club as an example of a diversity target their organization has set, namely to achieve 30% female Board nominees on investees by 2025. However, there seems to be a limited number of social target examples among institutional asset owners, without a widely adopted approach among institutional investors for setting social impact targets at the portfolio or organization level.

Leveraging existing datasets based on the scale of social challenges presents an opportunity for institutional asset owners to use the SBTi methodological approach and apply it to social impact as a next step.[v] Notably, COMPASS, released by the GIIN in May 2021, offers a methodology for comparing and assessing impact, including an approach to gauge progress relative to an external threshold using the SDG targets in the countries in which investees operate.

Example: Zurich Insurance

Zurich Insurance, a Swiss-based insurance company, reached USD 5.8 billion in impact investments at the end of 2020. As of 2020, Zurich's investments have helped to avoid 2.9 million tons of CO2-equivalent emissions and improve the lives of 3.7 million people annually. In addition to its goal to achieve net-zero emissions by 2050 along with its interim progress targets for its net-zero journey, Zurich has decided to prioritize impact focused on the results by setting impact targets based on its emissions and lives improved, namely: i) 5 million tons of CO2-equivalent emissions avoided annually, and ii) 5 million people benefitting from a positive contribution to their lives and livelihood. Reaching these two quantifiable targets for its portfolio has been a gradual process for Zurich, beginning with asset allocations toward impact. Once Zurich had socialized the concept of impact allocation targets internally across teams, it continued to measure and aggregate its impact to better understand its own impact performance and has shared its impact measurement learnings, approach, and methodology along the way allowing Zurich to now prioritize impact targets.[vi]

Zurich determined it must set both a social and an environmental target to select goals in a way that would not limit its investment opportunities. To determine an appropriate indicator, Zurich assessed data availability based on: i) its existing key performance indicators, ii) feasibility for the target indicator to serve as a proxy for the social or environmental challenge, and iii) applicability of the target indicator across investments. On the environmental side, CO2 emissions was a natural fit across all three criteria. However, on the social side, it was challenging for Zurich to identify one indicator that was common amongst the diversity of social themes, such as healthcare, education, or financial inclusion. And setting a target in just one impact theme would unduly diminish the others. Zurich determined that the common thread amongst its social impact themes revolved around helping people, and would be best expressed as 'lives improved' or 'people benefitted.' Zurich opted for this approach to set one target that worked across a diversity of impact themes and easily communicate this both internally to its portfolio managers and externally to its stakeholders. While this indicator does not exist within its individual impact themes, the indicator 'people benefitted' is supported by various underlying metrics within each social impact theme, such as number of hospital beds provided or number of students served, which are then aggregated. To ensure effective implementation of both its targets, Zurich has engaged closely with its asset managers and trained them to understand how they can take ownership of the targets, measure impact, and report back to Zurich. Using targets as a communication and learning tool without a strict, time-bound target has enabled Zurich build buy-in internally and externally, and effectively roll-out and track progress against its social and environmental targets.

ii. Bottom-up approach

Building targets over time based on historical investment performance is a second emerging approach institutional asset owners are moving toward. This approach involves relying on existing or historical impact performance information and collaborating with investees to set targets at the investee or company level. In this case, impact opportunities are often found organically within the portfolio and used to deepen and expand expertise in an area over time before formalizing it as an impact theme, with impact targets following at the thematic level. Similar to accumulating expertise within a particular sector or business model, investors are also able to develop expertise around an impact area over time.

In fact, several interviewees are actively measuring impact across a set of metrics at the investment level, in the hopes that once sufficient data has been collected and aggregated, this impact performance information will be useful in informing appropriate quantifiable targets at the investment level. The bottom-up approach may be more common for those institutional asset owners focused on social impact, however there is not sufficient data to suggest how this approach might unfold.

Investors using the bottom-up approach rely on investment-level metrics and a data-driven methodology based on historical performance, acquired expertise, and projected company performance to set informed quantifiable targets. To transition from investment- to theme-level targets requires investors to develop comfort with their investment-level targets before defining a theme and tracking key performance indicators at the thematic level. Over time, several interviewees indicated the potential to grow from setting thematic targets to portfolio-level targets.

Example: Fondaction

Fondaction has leveraged an organic approach to making impact investments across a substantive portion of its USD 2.39 billion portfolio, developing expertise over time, building horizontal synergies between adjacent impact themes, and developing relationships with expert partners before setting impact priorities and targets. Fondaction sets portfolio-level targets for its investments and tracks progress against those targets for several metrics, such as GHG emissions and jobs created & maintained. By 2018, Fondaction implemented GHG reduction targets across the organization. In one example, Fondaction has avoided more than 941,000 tons of CO_2 equivalent from 2018 to 2019, which represents 16.7% of Quebec's annual reduction target for 2020, demonstrating clear progress relative to its climate impact targets. Additionally, in 2018 Fondaction reduced the carbon intensity of its public market investments by 51% over the course of the year. However, at this stage, Fondaction is transforming its internal data management system to set targets, measure impact, and manage impact across its three formalized impact themes: Climate change, sustainable food and agriculture, and sustainable cities and communities more effectively.

Fondaction has identified core metrics, using both IRIS+ Core Metrics Sets along with other standardized industry metrics, within each impact theme and tracks those metrics at the company level. To set targets at the company level, Fondaction projects impact potential based on financial growth projections, assessing potential impact based on projected sales. Targets are informed by engaging with the investee, assessing similar competitors in the sector, sector-specific academic literature, and company growth projections. Fondaction has identified its close relationships and engagement with its investees as critical to its target-setting approach. Working closely with portfolio company entrepreneurs, Fondaction has engaged with its companies to help them set and achieve a diverse set of impact targets over the past three years. However, Fondaction is keen to expand its approach across all companies and standardize the target metrics across its investees within an impact theme. Fondaction's next steps include identifying targets at the thematic level for each of its three impact themes, followed by portfolio-level targets that are applicable across all of its investments.

Investor perceptions on target setting

For those that do not yet set targets, most perceived the following barriers to setting targets: risk of not meeting a potential target or fear of needing to change the investment mandate to reach a given impact target. A majority of respondents, both those who have set targets and those who have not, also identified lack of methodologies available to inform target setting as a key challenge in setting targets, followed by a lack of baseline or historical data on the impact performance of existing investments to inform targets. This challenge was described most often among those institutional asset owners who have prioritized social impact themes. Several others indicated challenges around an approach to operationalize a target once it has been set.

Crucially, for those that are measuring and managing impact, respondents describe using key performance indicators that are related to both business and impact value. This aligns with the GIIN's findings from the second edition of *The State of Impact Measurement and Management* report, which found that investors derive both business and impact value from measuring and managing impact. For example, 86% of investors in the sample measure and manage their impact because they find it 'very important' to better understand whether their impact demonstrates progress toward their goals. Over three-quarters do so because they believe it is 'very important' to proactively report their impact to key stakeholders, while nearly 60% measure, manage, and report their impact because the resulting data hold 'very important' business value for investors to capture.

Interviewees agreed that expanding the impact measurement and management approach and collecting impact data can be an important step to inform quantifiable targets and ensure that targets are based on baseline data or evidence, and not selected arbitrarily.

Next steps in target setting

Institutional asset owners increasingly recognize the need to use their capital to address global challenges and there exists strong opportunity for investors to enhance the rigor of their strategies by setting targets. While many have articulated clear impact priorities, most have not yet translated those priorities to specific, well-defined targets, in particular outside of the climate context.

The approach that nearly all asset owners have taken in the context of climate investments offers a strong roadmap, with significant potential to leverage existing datasets within social impact themes to develop methodologies, following the SBTi approach. With clearly articulated and well-defined goals, asset owners may be better placed to set strategy, track impact, manage performance, and assess progress to drive toward stronger performance and remain accountable.

Several asset owners have indicated they are working on tracking against key performance indicators, which they view a necessary baseline to inform target setting moving forward. Specifically, institutional asset owners highlighted the following as important next steps:

- **Aligning with fund managers** to identify, select, and/or track appropriate impact metrics.
- **Aggregating targets** up from company or investment-level targets to theme-level targets.
- **Using impact data** and standardized metrics to inform targets and integrate impact into the investment process.

To begin articulating specific goals, some asset owners may rely on historical performance at the investment level. As asset owners continue to grow their impact measurement and management practices, past performance data will build the knowledge base and offer insight for their own organizations and others in the industry. While understanding how to collect impact data from third-party fund managers or investments remains a challenge cited by over half of investors in the sample, nearly every single asset owner has indicated an interest in improving their measurement and management practice by using a generally accepted system. IRIS+, the generally accepted system to measure, manage, and optimize impact, can help investors narrow in on strategic goals within a given impact theme or SDG and offers Core Metrics Sets to measure and manage impact.

Others may draw from existing regional, country-level, or local datasets that offer insight into the scale of the challenge to help inform appropriate targets to address a given social or environmental challenge. Most asset owners in the sample have also articulated that guidance on how peers have integrated impact targets into investment processes would be useful. COMPASS offers a roadmap for comparing and assessing impact, with guidance on the standardized components for and process of impact performance analysis that can be used at the investment, fund, or portfolio level.

Institutional asset owners are well-positioned to begin using existing resources, evidence, and datasets, both internal to their organizations and external, with significant opportunity to set clear impact targets and measure and manage portfolios in a way that meets their risk, return, and impact needs.

Appendix: List of participants

We are grateful to the following organizations who participated in the research:

Aegon Asset Management

Allianz

Australian Ethical Investments

Aware Super

Brunel Pension Partnership

CalSTRS

CDPQ

Christian Super

Church Commissioners for England

Church Pension Group

Fondaction

MN

Nedlloyd

NEST

NSW Treasury Corporation

Palestine Investment Fund

PGGM

City of Zurich Pension Fund (PKZH)

Prudential Financial, Inc., Impact & Responsible Investments Group

South Yorkshire Pensions Authority

Stiftung Abendrot

Swiss Re

Wespath Benefits and Investments

Zurich Insurance Group

Endnotes

i United Nations-Convened Net-Zero Asset Owner Alliance, *United Nations Principles for Responsible Investment.*

ii "Fiduciary Duty in the 21st Century," *PRI, Generation Foundation, UNEP*. 2016.

iii "Real World Impact: Creating a framework to target, manage, and measure the social and environmental impact of our investments," *The Church Commissioners for England.* November 2020.

iv EU Taxonomy and Platform. *Platform on Sustainable Finance.* February 2021.

v Ambitious Corporate Climate Action. *Science-based Targets.*

vi "Making an impact by funding solutions." *Zurich Insurance.* 2021.

Contact the GIIN

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