

NEWS RELEASE TODAY 13 DECEMBER 2021

Impact Taskforce calls on G7 to take urgent action to mobilise more institutional capital for a just and inclusive transition to net zero

Recommendations are focused on transforming the quality and transparency of information on the impact of investment decisions and deploying financing, especially in emerging markets, that delivers positive social and environmental impact

LONDON – The Impact Taskforce, the independent, industry-led taskforce supported by the G7 Presidency, has today released its recommendations aimed at financing a Just Transition to a climate-secure future for all. Actionable recommendations include:

- Mandatory accounting for impact by businesses and investors to harmonised standards, recognising the central role of transparency and integrity in changing behaviour and driving investment flows.
- Support for the efforts of the International Financial Reporting Standards Foundation's International Sustainability Standards Board (IFRS-ISSB) to create a global reporting "baseline" on impact related to enterprise value.
- Increasing the supply of investment vehicles suitable for institutional investors, empowering multilateral development banks and development finance institutions to be more effective in catalysing mobilisation of private investment, with particular focus on emerging economies where the funding gap is greatest.
- Driving alignment across public and private actors and ensuring that more capital meaningfully contributes towards a Just Transition, by putting forward three Just Transition Elements that provide a common foundation for action to deliver a transition to Net Zero that leaves no one behind.

The Impact Taskforce, which brings together 120 leading voices from the worlds of business, investment and public policy, representing over 100 institutions across 40 countries, today published its report entitled *Time to deliver: mobilising private capital at scale for people and the planet*. The in-depth analysis provides actionable recommendations that answer the pressing question: "How can we accelerate the volume and effectiveness of private capital seeking to have a positive social and environmental impact?"

With just eight years to the deadline to achieve the Sustainable Development Goals, which aim to eradicate poverty and achieve a better and more sustainable future for all, more investment is urgently needed. Public funding alone can only meet a fraction of countries' needs, particularly in emerging markets.

The report explains how societal shifts and leaps in technology now create the opportunity to mobilise private capital at scale in the search for better solutions. The Impact Taskforce's recommendations establish the roadmap for unlocking finance to support these urgent funding requirements. The roadmap lays out actionable pathways so that institutional capital, estimated

globally at \$250 trillion, can work more effectively with public capital to deliver positive social and environmental benefits for people and the planet.

The report urges governments to create mandatory and harmonised disclosure standards for companies and investors. The Taskforce endorses the IFRS-ISSB work on a globally harmonised baseline on impact related to enterprise value that can allow greater transparency, efficiency, and accountability, and encourages all G7 members to do the same. Countries should urgently build on that baseline to include impact on all stakeholders.

The Impact Taskforce also recommends that larger businesses use their expertise to help guide small- and medium-sized enterprises to better disclosure in the longer term. And it calls for public-private cooperation to advance emerging work on impact valuation that might allow meaningful comparison between the impacts and profits of companies, enhancing integrity in impact accounting and disclosure processes.

“Investment decisions are being taken today with incomplete information. We need to transform the quality and transparency of data on impact. Our report presents an actionable pathway towards a world in which investments decisions are looked at through the triple lens of risk, return, and measured impact,” says Nick Hurd, a former UK Minister and the Chair of the Impact Taskforce (ITF).

The far-reaching recommendations are the product of the taskforce’s two interdependent working groups, Workstream A focused on transparency, harmonisation and integrity in impact measurement and reporting, and Workstream B on the development of policies and investment vehicles to mobilise capital at scale to address the needs of people and the planet. The taskforce’s work is coordinated by the Global Steering Group for Impact Investment (GSG), working with its UK member, the Impact Investing Institute.

Douglas L. Peterson, President and Chief Executive Officer, S&P Global, and Chair of ITF Workstream A states: *“Financial markets can be a powerful force for good, and transparent and comparable standards will be an essential tool for market participants to evaluate and optimise their impact. The Impact Taskforce’s recommendations provide a valuable roadmap for the investment community’s search for greater transparency, evidence-based insights and high-quality data and analytics. Most importantly, they inform and advance the goal of achieving a sustainable and equitable future.”*

The requirement for greater transparency is matched by the need for more investment structures that can channel private investment at scale into initiatives that contribute to achieving the Sustainable Development Goals (SDGs) generally and a Just Transition specifically. To drive alignment across public and private actors and ensure that more capital is meaningfully contribute towards a Just Transition, the Taskforce introduces three Just Transition Elements: advance Climate and Environmental Action, improve Socio-economic Distribution and Equity; and increase Community Voice.

The Just Transition Elements help to break down the silos between climate-first and social-first strategies, offering all actors – public and private – a globally consistent approach for building a future that works for people and the planet. The Elements present a practical means for integrating environmental and social objectives, while also incorporating community voice, into the design of financing vehicles and policies. The three Just Transition Elements can be integrated both in existing investment vehicles and those yet to be designed.

“The transition to net zero needs to happen at pace and globally, but transition pathways must also recognise local needs and capacity to secure genuine inclusion and fairness. The Just Transition Elements of our report provide a practical steer on how to invest for high impact in areas that are mission critical for climate security and economic inclusion,” states Dame Elizabeth Corley, Chair of the Impact Investing Institute and Chair of ITF ‘Workstream B’.

The report also calls for an enhanced role for multilateral development banks and development finance institutions. The Impact Taskforce asks G7 members to use their power as shareholders in those institutions to enable them to be more effective in supporting the mobilisation of private investment, and to amend their mandates to give equal weight to mobilising private capital alongside investing balance sheet capital, using a range of proven tools and instruments for investment.

The taskforce also calls specifically for the creation of a series of emerging market-domiciled guarantee companies, replicating existing models, to help address hurdles to institutional capital investment. And it pushes for rapid removal of external and internal barriers that limit the flow of institutional investors’ transformational capital.

While the ITF calls on the G7 to spearhead these efforts, its recommendations make clear all actors across the financial system need to work together in a coordinated movement if there is to be any prospect of achieving the SDGs by 2030.

Laurie Spengler, ITF member and senior advisor to Workstream B, says: *“Building on decades of experience and track record, particularly in emerging markets, multilateral development banks and development finance institutions can – and must - play an even greater role expanding the flow and pace of capital to people and places too often ignored by financial markets. That role is particularly important to help convert commitments from institutional capital to solutions that advance the SDGs into real and meaningful action. “*

To find out more about the Impact Taskforce and its recommendations, please go to: www.impact-taskforce.com

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Quotes from members of the Impact Taskforce

Jingdong Hua, Vice President and Treasurer, The World Bank

“The total savings and wealth of the world are more than enough to provide the financing needed for the ambitious climate goals. The challenge is how can we connect those savings to the solutions. I am honoured to be part of the Impact Taskforce. We tap into our collective passion and expertise in global finance to make it happen.”

Emmanuel Faber, Former CEO, Danone, Partner at Astanor Ventures

“I hope the work of the G7 Impact Taskforce can support the endorsement by the next G7 and G20 meetings in 2022 of the current process of establishing global ESG standards, as we urgently need to rewrite the DNA of finance and economics.”

Andy Kuper, Founder & CEO, Leapfrog Investments

“Trillions of dollars are already entrusted to the investment community but we need to do more with this capital. Strategies focused on social and climate impact have outperformed for

investors, generating strong returns and mitigating risks. With the right governmental support, we can also ensure that investment flows where it can do most good, lifting billions out of poverty, avoiding climate catastrophe, and addressing instability and inequality.”

Peter Harrison, CEO, Schroders

“We are at a transformational moment in the investment sector. While investors once focused only on profits, we are now at a new juncture where we need to go a step further. The world needs more purpose-driven companies which are dedicated to driving profits whilst benefiting society, because profit, people and planet are completely interwoven. Effective impact investing with globally agreed standards are vital to achieving this and the Taskforce is bringing a vast array of expertise to develop opportunities which make a real difference for good.”

Maria Teresa Zappia, Chief Impact & Blended Finance Officer, Deputy CEO, BlueOrchard Finance

“As more institutional investors approach us to develop climate aligned investment solutions, the “Just Transition Elements” provide a comprehensive approach for developing an investment offering across private and public markets where people and planet are equally important. In addition, within emerging and frontier markets the importance of the local perspective and voice to ensure inclusion and enhanced opportunities is key to the achievement of a Just Transition objective that builds positive change in a sustainable and long-term manner without leaving anyone behind. “

Vincent Keaveny, Lord Mayor of the City of London

“This landmark report provides concrete steps to unlock and scale up private capital in support of the UN’s Sustainable Development Goals. As demonstrated at COP26, the UK’s financial and professional services sector is at the forefront of the fight against climate change. We’re now demonstrating leadership on the ‘S’ in ESG by putting impact investing at the heart of the sector to rebuild a more sustainable and inclusive economy. The City of London Corporation is proud to be hosting the launch of this crucial report.”

Notes to editors

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Definitions of Accounting and Accounting for Impact

- Accounting is how entities make sense of and act upon financial and non-financial disclosures, in a way that can be audited and assured.
- Accounting for impact covers a range of valuation techniques to estimate the relative value that an organisation creates, preserves or erodes for its stakeholders, expressed as a

common unit. This can happen through a combination of (i) qualitative valuation (e.g. low/medium/high); (ii) quantitative non-monetary valuation (e.g. ratings on a scale of 1 – 10); and/or (iii) monetary valuation (e.g. the estimated monetary value to a stakeholder of a benefit they experience, or harm or loss that they avoid or experience).

About the Impact Taskforce

The Impact Taskforce (ITF) is an industry-led, independent body established in 2021 by the UK government, under its presidency of the G7. It is a global initiative, bringing together more than 120 people and 100 organisations from the worlds of business, investment, public policy, and the social sector across 40 countries to practically demonstrate how private capital could be used more effectively for greater and more inclusive positive social and environmental impact. The ITF is committed to transparency, harmonisation and integrity in impact investing, as well as mobilising more private sector capital for a just transition to net zero.

For more information about the Impact Taskforce and its members go to www.impact-taskforce.com

About the Global Steering Group for Impact Investment (GSG)

The Global Steering Group for Impact Investment (GSG) is an independent global steering group promoting sustainable development and advancing education in impact investment. The GSG was established in 2015 as the successor to, and incorporating the work of, the Social Impact Investment Taskforce established under the UK's presidency of the G8. The GSG's National Advisory Boards (NABs) currently cover 33 countries. The GSG brings together leaders from finance, business, philanthropy and governments to drive a shift towards impact economies. For more information visit www.gsgii.org and follow the GSG on [Twitter](#) and [LinkedIn](#).

About the Impact Investing Institute

The Impact Investing Institute is an independent, non-profit organisation which aims to change capital markets to make them fairer and work better for people and the planet. It does this by accelerating the growth and improving the effectiveness of the impact investing market in the UK and internationally. Our vision is for lives to improve, as more people choose to use their savings and investments to help solve social and environmental challenges, as well as seeking a financial return. The Institute is supported by the UK Government, the City of London Corporation and supporters from the financial services industry. For more information visit www.impactinvest.org.uk and follow the Institute on [Twitter](#) and [LinkedIn](#).

About Impact Investing

Impact investments are investments made with an explicit intention to generate positive, measurable social and environmental impact alongside a financial return. Impact investment optimises risk, return and impact to benefit people and the planet.