SCALING IMPACT IN ASIA:
ACHIEVING PURPOSE AND PROFIT

CIIP Centre for Impact Investing and Practices

CIIP is a non-profit centre established by Temasek Trust

SINGAPORE MANAGEMENT UNIVERSITY

accenture

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RESEARCH INTRODUCTION

RESEARCH MOTIVATION

In writing this report, our aim is to inspire and encourage more to make every dollar invested in Asia deliver positive, measurable impact. As such, this report not only uncovers some of the significant opportunities and unique challenges to drive impact in Asia, but also extends the scope of existing research by providing tangible, real life examples from practitioners on the ground. Insights in this report are informed by stories across Asia, which includes China, India, and the Southeast Asian countries.[1]

The starting point in designing this report was the recognition that it is necessary to widen the focus of attention beyond just increasing the volume of available impact capital. Of course, impact-oriented financing is needed. However, it is just as important to bring in other change agents, such as impact-oriented companies and entrepreneurs who are creating positive change in their communities.

Hence, to truly understand how impact is being delivered in Asia, we sought to speak with the key drivers of impact, from impact investors and ventures to mainstream investors and businesses. Understanding the perspectives and practices by this wide range of corporate actors is critical to drive impact at scale. Hence, we had many conversations that dived into how decisions are made, the actions that maximise impact, and potential challenges in implementation.

The results of these candid conversations are at the heart of this report which, combined with our extensive research, has enabled us to derive valuable insights on impact integration across Asia. We are inspired by the stories of these early-impact actors whose journeys, like all pioneers, provide a blueprint for the ones following in their footsteps.

The Centre for Impact Investing and Practices (CIIP), established by Temasek Trust, aims to build on these examples of impact to help shape a common roadmap that will mobilise more impact actors in Asia and around the world. Temasek and ABC Impact are CIIP's strategic partners.

This report, jointly developed by CIIP, Accenture, and Singapore Management University (SMU), serves as the first of many conversations we want to bring about: to raise awareness of the great work for impact which is already underway, and to convene further discussions on how we can collectively deliver even more impact in Asia, for Asia. Through this, and future work, CIIP aims to distil and equip more market participants, be it investors, companies, or others, to be able to drive more dollars to purposeful endeavours, measure impact achievements in a consistent data-driven manner and create a learning ecosystem in Asia for impact investing and practices.

In this report, we provide an overview of the insights we have learnt from the field, introduce several case studies on the impact journeys of regional players, and propose ideas on how we can move the impact ecosystem forward. While this report focuses mainly on stories from investors and companies, as we continue our work to contribute to Asia's impact ecosystem, we will seek to showcase perspectives from the broad range of important ecosystem actors, including standards setters, educational and training providers, third party assurers and service providers, networks, regulators, and others. As we move along the impact journey together, we will delve deeper into specific, pertinent impact topics and bring to life even more stories to inspire.

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[1] Regarding the scope of Asia: 1) Insights in this report are derived from interviews with organisations operating in China, India, and Southeast Asia specifically; 2) Statistics and data on Asia cited in this report, unless otherwise stated, cover the regions of Southeast Asia, South Asia, and East Asia as classified by United Nations (refer to Appendix 1 for the full list of economies covered).

RESEARCH PARTICIPANTS

We would like to thank all participants for sharing their inspirational stories so candidly, and for the support of the United Nations Development Programme's SDG Impact team in shining a light on the abundant impact opportunities in the region through the SDG Investor Maps.

This report is the culmination of wisdom and experience brought to the table by the organisations listed below. Thank you all.

LIST OF PARTICIPANTS

(in alphabetical order)

INVESTORS

- ABC Impact *(formerly known as ABC World Asia)*
- Circulate Capital
- Dragon Capital
- East Ventures
- Ehong Capital
- Ishk Tolaram Foundation
- LeapFrog Investments
- Lok Capital
- TPG's The Rise Fund
- Maveron
- Omidyar Network India
- Oppenheimer Generations Asia
- Patamar Capital

COMPANIES

- Aruna
- AIA
- Bandhan Bank
- Dole Sunshine Company
- GoTo
- Grab
- IngCare
- Japfa Ltd
- Kim Dental
- SwipeRx *(formerly known as mClinica)*
- Nikel
- Olam Group
- RWDC Industries
- Veritas Finance

EXECUTIVE SUMMARY

01

Impact is about the simultaneous pursuit of two objectives: profit and social and/or environmental good. The defining feature of impact practice, be it in investing or in running a company, is an articulated motive and intent to generate positive social and/or environmental impact **alongside a targeted financial return.**

02

Both investors and companies are needed to drive impact – investors as active stewards to provide guidance and expertise as well as much needed financial capital; companies as active agents to develop and implement business strategies that deliver measurable impact to the communities they serve.

03

Delivering impact at scale requires systematic measurement of outcomes and effective integration of impact considerations into management and governance systems. This is vital for ensuring accountability and sustained commitment to impact through various phases of investor engagement or a company's life-cycle, and is especially important for navigating through periods of rapid organisational growth and strategic change.

04

The impact landscape spans a spectrum of approaches and strategies, pursued by a variety of players operating at different stages of their respective impact journeys. Impact-oriented practitioners range from mainstream investors and companies pursuing opportunities in Environmental, Social, and Governance (ESG) areas, to specialist impact investors and companies dedicated to contributing to the world's Sustainable Development Goals (SDGs).

05

The market for impact is large and growing. In Asia, there is both immense opportunity and need for impact action, from empowering the hundreds of millions of micro-, small-, and medium-sized enterprises (MSMEs) and smallholder farmers in the region, to developing a roadmap for a just climate transition and providing goods and services to a growing population of first-time consumers.

06

Asia offers a unique opportunity to deliver impact at scale. New technology and digitally enabled business models are capable of expanding the reach of previously unaffordable products and services to a large population with rising purchasing power and heightening social and environmental awareness. The relatively young population also represents a fast-growing pool of socially and environmentally conscious entrepreneurial talent. These positive dynamics, together with the region's underlying cultural values, create conditions highly conducive for driving impact in Asia.

> "We aspire to make every dollar invested in Asia deliver measurable positive impact."
>
> **CIIP, SMU, AND ACCENTURE**

07

To unlock Asia's impact potential it is critical to collect Asia-specific data on both social and environmental issues to improve our baseline understanding of impact needs, expected outcomes, and potential opportunities across the region. Further, the sharing and dissemination of more Asian success stories in impact will inspire broader action.

08

A consolidated ecosystem that brings together different stakeholders, and is enabled by a supportive regulatory environment, will be the cornerstone of a successful impact market. This will require fostering more impact-aligned organisations; improving impact proficiencies through standards, tools, and services; building capabilities and upskilling talent, both new and existing; establishing a strong data infrastructure to facilitate information sharing; and improving access to capital through innovative financial vehicles and products.

09

The time to act is now, and everyone has a role to play. All organisations, no matter what type, size, or sector, and irrespective of where they are in their impact journey, can and should do more. There is merit to thinking purposefully and strategically about impact, embedding impact considerations into governance and business decision-making processes, and to start measuring impact, both positive and negative.

HIGHLIGHTS IN NUMBERS

GLOBAL TRENDS

US$3.7+
TRILLION
gap to finance global Sustainable Development Goals (SDGs)[1]

26%
CAGR IN GLOBAL AUM
of impact investing between 2019-2020, even amid COVID-19[2]

64%
OF GLOBAL CONSUMERS
are attracted to company brands that actively communicate their purpose[3]

ASIA'S OPPORTUNITY

~55%
OF THE WORLD'S TOTAL POPULATION,
a market of 4.3 billion people (2020)[4]

75%
OF SOUTHEAST ASIA'S POPULATION ARE INTERNET USERS,
compared to the world's ~60% (2021)[5]

~980M
YOUNG PEOPLE
aged 15-29 living in Asia (2019)[6]

77%
OF YOUTH IN ASIA
aspire to be part of the green economy, higher than ~50%+ in Europe and the US (2021)[7]

100%+
INCREASE OF VENTURE FUNDING IN SOUTHEAST ASIA DURING 2020-2021,
higher than 90%+ around the world, signalling a burgeoning entrepreneurial community[8]

~340M
SMALLHOLDER FARMERS IN ASIA,
over 85% of the world's (2021)[9]

~40%
OF THE POPULATION IN ASIA
do not have a bank account (2014-2017)[10]

~14
DOCTORS PER 10,000 POPULATION IN ASIA,
compared to global average of 20 doctors (2012-2020)[11]

50%+
OF GLOBAL CARBON DIOXIDE EMISSIONS
are from Asia (2020)[12]

6-33%
OF PLASTICS ARE RECYCLED
in Southeast Asia (2017-2021)[13]

~32%
SHRINK OF ASIA'S GDP
by 2048 if no action on climate change is taken, vs 18% reduction of the world[14]

Source:For Global Trends: [1] OECD; [2] IFC; [3] Accenture;
For Asia's Opportunity: Statistics and data on Asia cited in this report, unless otherwise stated, cover the regions of Southeast Asia, South Asia, and East Asia as classified by United Nations (refer to Appendix 1 for the full list of economies covered); [4] Worldometers; [5] Google, Temasek, Bain & Company (Note: Southeast Asia scope covers Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam only) and World Bank; [6] United Nations; [7] Accenture (Note: Asia scope covers China, India, Indonesia, Japan, Malaysia, Philippines, Singapore, Thailand, Vietnam, and Australia only; [8] Southeast Asia's data: Nikkei (Note: Southeast Asia scope covers Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam only); global data: Crunchbase; [9] Our World in Data (Note: Asia scope covers China, India, Indonesia, Iran, Japan, Laos, Myanmar, Nepal, Pakistan, Philippines, South Korea, Thailand, and Vietnam only); [10] The Global Findex Database 2017 (Note: Asia scope is as per Appendix 1, except for China, Macao SAR, Maldives, North Korea, and Timor-Leste); [11] World Health Organisation (Note: Asia scope is as per Appendix 1, except for China, Hong Kong SAR and China, Macao SAR); [12] Our World in Data; [13] World Bank (Note: Southeast Asia scope covers Indonesia (10%), Malaysia (24%), Philippines (28%), Singapore (6%), Thailand (17.6%), and Vietnam (33%) only. Data based on World Bank studies for Malaysia, Philippines, Thailand, Vietnam; National Environmental Agency for Singapore; and World Economic Forum for Indonesia; [14] Swiss Re Institute (Note: Asia scope covers China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Taiwan, and Thailand, based on a list of 48 economies included in the analysis, which collectively represents 90% of global GDP)

IMPACT INVESTING AND PRACTICES LANDSCAPE

The defining feature of impact practice, be it in investing or in running a company, is an articulated motive and intent to generate positive social and/or environmental impact alongside a targeted financial return. Impact goals are typically set with reference to recognised impact standards and implemented through continuous measurement and systematic management.

THE CASE FOR IMPACT INVESTING AND PRACTICES

The rising frequency of adverse climate events and the prevailing social inequalities laid bare by the COVID-19 pandemic have generated widespread debate and introspection within the institutional investor and business communities about their broader responsibilities and role in society, beyond the singular pursuit of profit. As consumers seek to better align their values with consumption habits, and regulators move towards mandatory environmental, social, and governance (ESG) disclosures, investors and businesses alike understand the need to respond. Leaders are recognising that they must now move beyond the hygiene factor of assessing ESG as a risk management and compliance tool, and look to purposefully embed positive social and environmental impact into their core investment processes and business practices. Frameworks such as the International Finance Corporation's (IFC's) Operating Principles for Impact Management (OPIM) are important for investors looking to embed impact considerations throughout the investment lifecycle.

Before going further, it is important to recognise that although impact investing has existed for some years, it is still too often misunderstood and confused with philanthropy. Impact investments are *"made into companies, organisations, and funds with the intention to generate social and environmental Impact alongside a financial return.*[2]*"* It is the simultaneous pursuit of **positive social and environmental change and financial return** that sets impact investing

ESG VS. IMPACT

ESG is a framework that provides standards and KPIs for companies and investors to monitor and report on their environmental, social, and governance practices and performance.

ESG is, by definition, integrated into organisational practices and processes of Impact practitioners, setting the baseline and the minimum threshold for responsible investments and businesses. The recent move from financial materiality to double materiality represents an important shift within the ESG movement, from protecting portfolio and / or enterprise value to actively avoiding harm to the planet and its people. However, amongst most mainstream investors and businesses, ESG considerations currently remain largely restricted to reporting, compliance, and risk management/mitigation.

Impact investors and impact-oriented businesses go beyond this. They have a stated intent to address and contribute solutions to particular societal and/ or environmental needs through their investments, products, and services, in a commercially viable manner. They focus on measuring and monitoring progress against impact goals, as well as integrating impact considerations across business decision making, operational management, and investment.

[2] GIIN (2017). 2017 Annual Impact Investor Survey

apart from philanthropy. Nevertheless, there is a longstanding misconception that impact investing involves a trade-off in financial returns in order to achieve positive social and environmental outcomes. In fact, financial returns and social or environmental goals are equally vital components of the dedicated impact investors' strategy. The Global Impact Investing Network's (GIIN's) Annual Impact Investor survey provides evidence for this. About 70% of respondents to the 2020 survey indicated that they seek risk-adjusted, market-rate returns, and ~90% indicated that they expect financial performance to meet or exceed targets.[3] While this is encouraging, it is not clear that this belief is prevalent beyond the core group of impact investors. Our discussions with a range of investors and companies suggest that it is important to continue to reiterate and reinforce stories that show it is possible to generate positive impact alongside market-rate returns.

Companies also have an important role to play by integrating impact practices in their business strategy and operations. To be credible, as with impact investing, companies must have a stated, built-in intentionality to deliver positive change alongside profit, using globally recognised decision frameworks such as the UNDP's SDG Impact Standards. Investors can then allocate capital to such companies based on targeted impact outcomes as well as expected financial returns.

KEY IMPACT ACTORS

Both investors and companies are indispensable for delivering impact at scale.

The fast-evolving impact ecosystem is a vibrant community with a diverse set of practitioners of various kinds. There are two key groups of actors: impact-oriented investors (see Figure 1a) and impact-oriented companies (see Figure 1b), both of which are indispensable in scaling impact:

- **Impact-oriented investors:** investors, including institutional and individual investors, professional fund and wealth managers, who allocate financial capital to businesses with the intent to generate positive impact alongside financial returns
- **Impact-oriented companies:** companies, including purpose-led large corporates or mission-driven start-ups who embed impact intent in their business strategy and operations, and deploy resources to deliver targeted impact outcomes alongside financial performance

Beyond investors and companies, there is a range of critical ecosystem actors, from standard setters (e.g., UNDP SDG Impact, IFC, the GIIN) and networks (e.g., Asian Venture Philanthropy Network (AVPN)) to third party assurers, measurement, and service providers (e.g., Tidelines, Y Analytics, Bridgespan). As we will explore in the later section of this report, all stakeholders are required, individually and collectively, in order to develop a robust impact market.

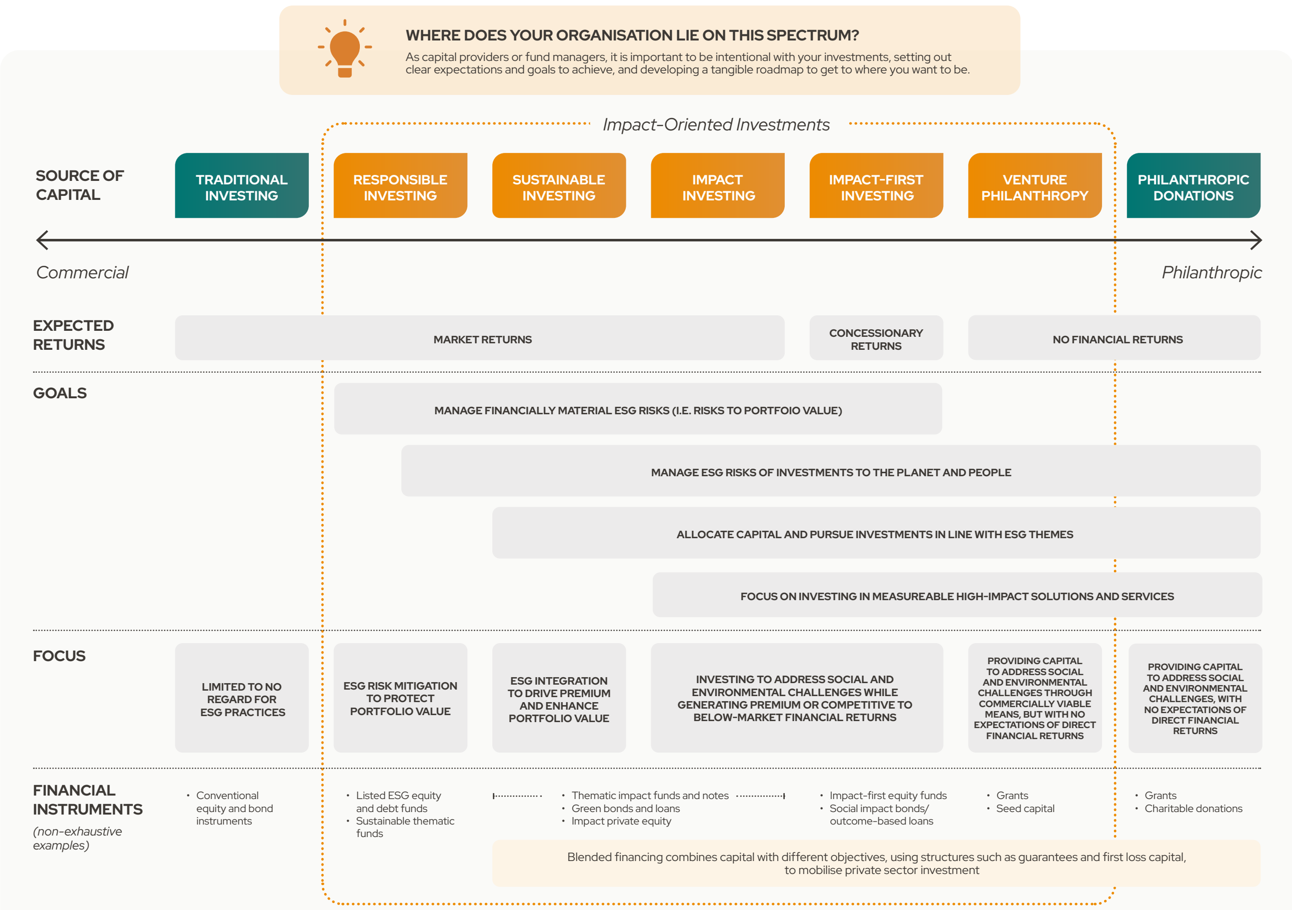
[3] GIIN (2020). 2020 Annual Impact Investor Survey

SPECTRUM OF IMPACT

The impact landscape spans a spectrum of approaches and strategies pursued by a variety of players operating at different stages of their respective impact journeys.

From an investor's perspective, impact-oriented investments cover a broad range of strategies, varying from responsible investing to venture philanthropy. Today, ESG factors set the baseline and the minimum threshold for responsible businesses to avoid harm and are integrated into a growing majority of mainstream investment decision-making. For example, Dragon Capital, a long-term and responsible public equities and fixed income investor in Vietnam, incorporates a range of strategies in their investments, from negative screening as a baseline, to ESG integration and corporate engagement as best practice. For Dragon Capital, ESG is critical for risk management. It seeks to optimise risk-adjusted performance by integrating ESG factors throughout the investment process and across its actively managed funds. "One of the biggest challenges to ESG practices in Vietnam today is the lack of awareness from local businesses. Further, the availability, reliability, and accessibility of ESG metrics and information remain key challenges for many investors," says Vinh Pham Nguyen, Corporate Development Director of Dragon Capital. Dragon Capital, a signatory to the UN Principles for Responsible Investment (PRI) since 2013, has been a keen and long-term advocate for the promotion of ESG awareness and adoption in Vietnam.

Figure 1a: Spectrum of Impact-Oriented Investments



Source: Adapted by CIIP, SMU, and Accenture, based on the UNDP, Credit Suisse, Bridges Fund Management, The Impact Investing Institute, and PwC

Impact investors go beyond ESG. They are intentional with their capital and seek to finance solutions to social or environmental challenges via the entrepreneurs and businesses that they back. For example, ABC Impact commits 100% of its investment activities to positive impact creation. All of its portfolio companies are working to address the world's most pressing challenges, such as climate change, resource scarcity, and deepening inequality. ABC Impact also expects compelling financial returns from their investments.

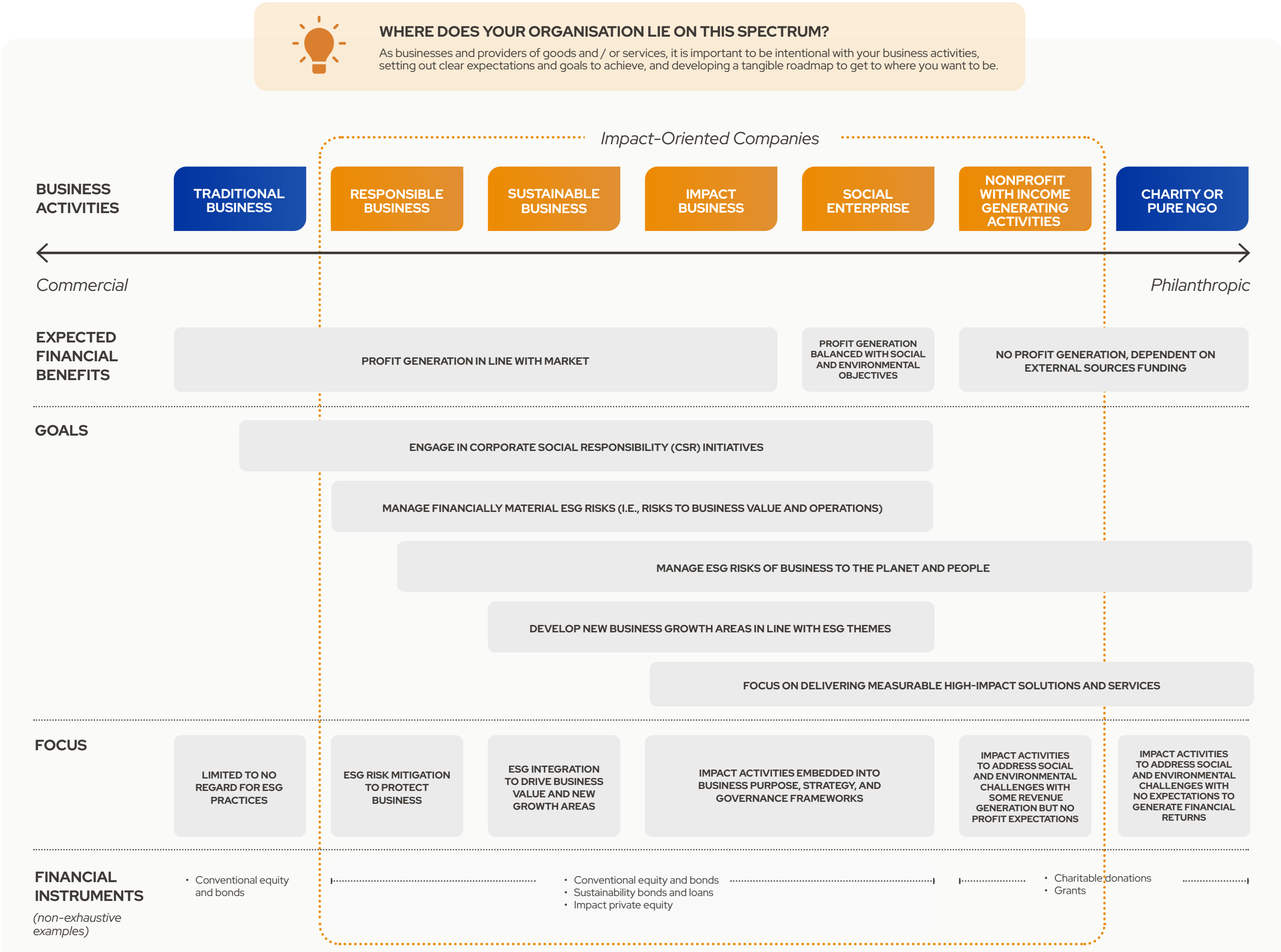
While impact investing does not equate to a sacrifice in profit and often generates well above market rate returns, it is true that impact-oriented investments bring a range of expected returns, from market rates to concessionary returns. In some cases, such as venture philanthropy, investors may seek no financial return at all, but do evaluate the promise of commercial viability of their investments as an important criterion.

The complex social and environmental problems of our time sometimes require complex solutions. Hence, some impact-oriented investors make use of blended finance solutions to facilitate the path to commercial viability for companies trying to address challenging societal or environmental problems. Investments using blended finance allows impact-oriented practitioners from across the spectrum with different levels of risk appetite and impact objectives to invest alongside each other. Blended financing instruments can increase capital availability by de-risking investments (e.g., through first-loss guarantees) or further enhancing impact (e.g., through results-based funding).

Similar to the case of investors, impact-oriented companies adopt a range of approaches and strategies to impact (Figure 1b). Indeed, impact orientation – albeit to different degrees – is increasingly adopted by established businesses. These strategies range from managing ESG risks to the business and practising corporate social responsibility (CSR) to pursuing new ESG opportunities, e.g., renewable energy, circular business models.

A growing breed of entrepreneurs is building businesses with impact at its core, applying market forces to solve social and environmental problems, from agtech platforms improving farmer livelihoods and fintech players disrupting the micro-credit lending industry, to remote carbon monitoring solutions.

Figure 1b: Spectrum of Impact-Oriented Companies



Source: Adapted by CIIP, SMU, and Accenture, based on the UNDP and Brown University

ATTRIBUTES OF SUCCESSFUL IMPACT INVESTING AND PRACTICES

To succeed in impact investing and practices, we need to get **four key attributes right** - impact **intent**, impact **measurement**, impact **accountability**, and **commercial viability.**

There are many types of principles, standards and frameworks, which have been adopted by impact investors and companies, with some developing their own proprietary systems to track outcomes. While the specifics of these adopted frameworks will vary, successful impact practitioners – whether investors or companies - have four essential attributes in common: (1) they are driven by clear ex-ante impact intent; (2) they demand the setting of measurable impact standards and objectives, which are then measured and managed; (3) they integrate impact across all management processes and systems of accountability; and (4) they are committed to commercial viability.

Drawing on the GIIN's core characteristics of impact investing[4] and IFC's OPIM[5], we summarise the four essential attributes of successful impact inclusion in Figure 2:

Figure 2: Four Essential Attributes of Impact Investing Practice

KEY ATTRIBUTES	AN IMPACT INVESTOR/ COMPANY MUST...	BEING AN IMPACT INVESTOR/ COMPANY IS NOT...
Define impact intent	Have clear ex-ante intent to have, and improve, impact outcomes.	To have ex-post justification of what impact has been created due to the investment
Set measurable impact standards & goals	Define targets in line with one's impact vision and strategy	To have only a vision or aspiration for impact
	Continuously measure impact with a clear and comparable set of metrics (i.e., to safeguard impact as the business evolves)	To declare intention without monitoring the actual impact created
Integrate impact into management processes & systems of accountability	Establish governance and processes to hold internal stakeholders to account	To have unclear roles and responsibilities
	Optimise impact outcomes on an ongoing basis	To be inconsistent in delivering on and maximising impact outcomes
Commit to commercial viability	Ensure impact generation in a commercially viable and sustainable way	To necessarily sacrifice commercial viability in the pursuit of impact

Source: Adapted based on the GIIN's Core Characteristics of Impact Investing and IFC's OPIM

[4] GIIN (n.d.). Core Characteristics of Impact Investing
[5] OPIM (n.d.). The 9 Principles

GLOBAL IMPACT LANDSCAPE

Globally, the market for impact is large and growing. Yet, more is needed – post-COVID-19, financing the SDGs faces a gap of US$3.7 trillion annually.

Of the many underlying factors generating momentum for impact practices, we see two major forces accelerating growth, namely a heightened awareness of impact issues due to the COVID-19 pandemic and the rise of ESG practices and considerations.

The COVID-19 pandemic has markedly increased the awareness of social inequality in many places, including issues such as the widening wealth gap and the lack of access to basic healthcare services or essential educational resources. These stark realities have sharpened the focus of consumers and other stakeholders to ask for businesses to do more than deliver profit. According to Accenture's survey on market sentiment, **64% of global consumers are attracted to company brands that actively communicate their purpose**[6], and 61% of consumers are buying more environmentally friendly, sustainable or ethical products with 89% likely to continue post-pandemic.[7]

The ESG wave has spurred companies into getting serious about purpose and profit. Reflecting the evolution from shareholder value to stakeholder value, research generally suggests that ESG investing and practice can help companies mitigate risks, enhance their performance, and even serve as a source of "alpha" in market value and investment return.[8]

While ESG reporting and compliance is important, a more intentional, accountable, and substantial approach is needed to deliver positive impact at scale. The global SDG financing gap is US$3.7 trillion annually, up from US$2.5 trillion pre-COVID-19.[9] This represents considerable potential and need that can be addressed by impact investing and practices. Between 2019 and 2020, the global assets under management (AUM) of **impact investing** funds increased from ~US$500 billion to ~US$630 billion, at an annual **growth rate of ~26%.**[10] The IFC further estimated that, in 2020, an **additional US$1.6 trillion** of investment assets were intended for impact, but did not have systems in place to measure impact.

[6] Accenture (2018). From me to we: The rise of the purpose-led brand
[7] Accenture (2020). COVID-19: New habits are here to stay for retail consumers
[8] See Giese, Nagy and Lee (2020). Deconstructing ESG Ratings Performance; Giese, Lee, Melas, Nagy and Nishikawa (2019). Foundations of ESG Investing: How ESG Affects Equity Valuation, Risk, and Performance; MSCI (2018). How Markets Price ESG: Have Changes in ESG Scores Affected Stock Prices?; Verheyden, Eccles and Feiner (2016). ESG for All? The Impact of ESG Screening on Return, Risk and Diversification
[9] OECD (2020). Global Outlook on Financing for Sustainable Development 2021
[10] IFC (2021). Investing for Impact: The Global Impact Investing Market 2020 (Note: the figures include both privately managed funds investing in public markets, private equity (PE), venture capital (VC), real assets, real estate, infrastructure, or private debt and publicly managed investment by Development Financial Institutions (DFIs) and national/regional development banks)

ASIA'S IMPACT LANDSCAPE

Asia stands out – demographically, developmentally, and in terms of sheer diversity–presenting tremendous opportunities for the private sector to address social and environmental issues through commercially viable solutions.

ASIA'S UNIQUE OPPORTUNITY FOR IMPACT

A long-standing emphasis on collaboration with, engagement of, and consideration for **multiple stakeholders**, including the community

Large population with rising purchasing power and an emerging consumer class - Southeast Asia, South Asia, and East Asia is home to ~55% of the world's total population, nearly a billion youths, and 20 economies in the low to upper middle-income range

Many industries that are still in the early stages of development, representing significant market potential that can be tapped

Technology- and digitally-enabled business models enabling reach to previously excluded segments of consumers and suppliers

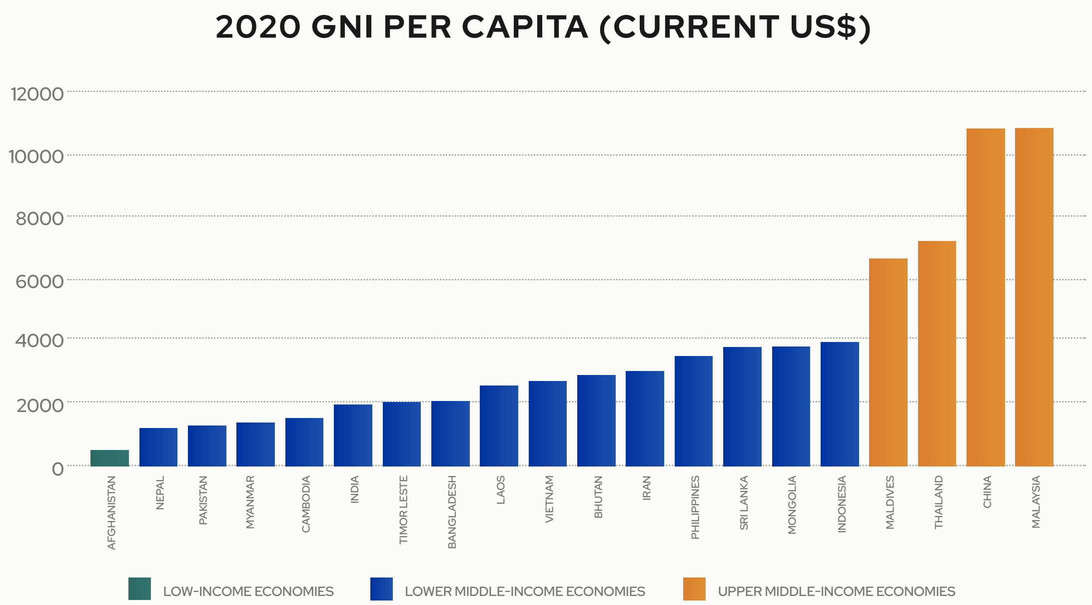
A burgeoning entrepreneurial talent pool to spur innovation and solutions

We found many examples of organisations on an impact journey in Asia. Active engagement with multiple stakeholders and the community is more widespread amongst Asian investors and businesses than is commonly appreciated. For example, family-owned businesses and corporations across the region have a tradition of philanthropic engagement with the communities in which they operate. Family owners also tend to have a longer term, multi-generational perspective on the businesses that they manage. As such, many businesses in Asia have a history of active involvement in community development and engagement with a wider set of stakeholders. These cultural traits have motivated many established Asian investors and companies to practise a version of impact, even though they may not be conversant with the contemporary vocabulary of impact practice.

Asia's scale and development profile presents **considerable and unprecedented opportunity.** On basic demographics, Asia's **population of ~4.3 billion** comprises **55% of the world's total population**[11], and **980 million youth** (aged 15-29) call Asia their home.[12] Three of the four largest countries by population are in Asia, i.e., China, India, and Indonesia.

Much of Asia's large population is still in need of essential services, a gap that the private sector is well poised to fill. According to World Bank data, 20 out of the 26 economies in Southeast Asia, South Asia and East Asia are in the low-income to upper middle-income range (Figure 3).[13] Across lower-middle- and low-income economies in Asia, there are 1.1 doctors per 1,000 population, and this rises slightly higher to 1.3 doctors per 1,000 population – when upper-middle income economies in Asia are taken into account. This is in stark contrast compared to OECD's average of 3.4.[14] Indeed, AIA observes that Asia's private health sector represents significant opportunity, for example by providing first time access to healthcare with accessible and affordable health insurance products. Further, around 40% of the population (above 15 years old) in Asia do not have a bank account[15], while in Southeast Asia, over seven in 10 adults remain underbanked or unbanked.[16] Fintechs and microfinance institutions in the region, such as Veritas Finance, Nikel, and Bandhan Bank, have been able to tap into this opportunity by improving access to financing for the underprivileged segments.

Figure 3: Low to Upper Middle-income Economies in Asia



Source: World Bank (2020). GNI per capita, Atlas method (current US$)

Note: 1) As per World Bank, low-income economies are those in which 2020 GNI per capita was $1,045 and below; lower-middle income economies ($1,046 to $4,095); upper-middle income economies ($4,096 to $12,695). 2) Data covers Asia (as per Appendix 1), except for North Korea and Taiwan, where data is not available. 3) The estimates of the size of economies are based on GNI converted to current U.S. dollars using the World Bank Atlas method. The Atlas method smoothens exchange rate fluctuations by using a three year moving average, price-adjusted conversion factor.

[11] Worldometers (2022). Asia Population
[12] United Nations (2019). World Population Prospects 2019
[13] World Bank (2022). World Bank Country and Lending Groups
[14] OECD (2020). Health at a Glance: Asia/Pacific 2020 : Measuring Progress Towards Universal Health Coverage (Doctors and Nurses) (Note: Asia scope, based on latest year available, covers: Bangladesh (2018), Brunei Darussalam (2017), Cambodia (2014), China (2017), Hong Kong, China SAR (2018), India (2018), Indonesia (2018), Japan (2016), North Korea (2017), South Korea (2017), Lao PDR (2017), Macau, China SAR (2017), Malaysia (2015), Mongolia (2016), Myanmar (2018), Nepal (2018), Pakistan (2018), Philippines (2017), Singapore (2016), Sri Lanka (2018), Thailand (2018), and Vietnam (2016))
[15] The Global Findex Database (2014-2017), The Global Findex Database 2017 (Note: Asia scope is as per Appendix 1, except for China, Macao SAR, Maldives, North Korea, and Timor-Leste)
[16] Google, Temasek and Bain & Company (2019). Fulfilling its Promise—The future of Southeast Asia's digital financial services (2019 e-Conomy SEA report) (Note: Southeast Asia scope covers Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam only)

Asia also has the fastest-growing middle-class globally. The middle-class population in Asia is estimated to grow from 2 billion in 2020 to 3.5 billion in 2030[18], at ~7%+ CAGR, driven in large part by China and India. Within the decade, **two out of three members of the global middle class will come from Asia. Building sustainable systems to provide services and products to Asia's emerging consumer class while protecting the region's environmental resources** represents a significant challenge and opportunity for both the private and public sectors.

Asia's ambitious and aspiring young people want to make an impact. In a global study by Accenture of over 26,500 people aged between 15 to 39 around the world, 77% of youth in Asia aspire to be part of the green economy, higher than in both Europe and the US (~50+%).[19] This younger generation is an increasingly influential decision-making force, not only in terms of purchasing power but also in investments. Globally, about one-third of Millennials (those aged 25 to 40) "often or only" make responsible investments that care about social and environmental issues and business ethicality.[20] A survey by the Economist Intelligence Unit, commissioned by RBC Wealth Management showed that 86% of the surveyed Millennial and Gen Z in Singapore and China (including Hong Kong SAR), are confident that they have more opportunities to tackle societal issues through investing, which is higher than 67% in western countries. Additionally, 54% of this younger generation of Asians say that they align their investments with their goals to give back to the society.[21] Indeed, safeguarding and strengthening the development of this young population represents an investment opportunity in itself, for example to provide inclusive and quality education and healthcare.

ASIA: ADDITIONAL CHARACTERISTICS TO BE CONSIDERED

1. **Huge geographical variation,** from inland and isolated areas and landlocked countries to remote islands (e.g., Indonesia is an archipelago of 17,000 islands). While this makes for some infrastructure / logistical challenges, it also means the region's large potential remains untapped.
2. **Socioeconomic and political diversity** as a heterogeneous collection of independent nations, which requires significant regional coordination to develop a common vision and drive collaborative efforts
3. **Many developing countries** in need of a fair and just transition* in order to further develop their economies sustainably

*Source: LSE et al. (2018). Climate change and the just transition: A guide for investor action.

It must also be noted that many sectors in Asia are still at an early stage of development. This represents great potential for industrialisation and digitisation of these sectors and for investors and businesses to scale stakeholder value alongside shareholder value. As UNDP SDG Impact has observed, the **COVID-19 pandemic has exacerbated the development challenges in Asia** that is home to almost two-thirds of the global population. The ever-changing 'new normal' has formed a

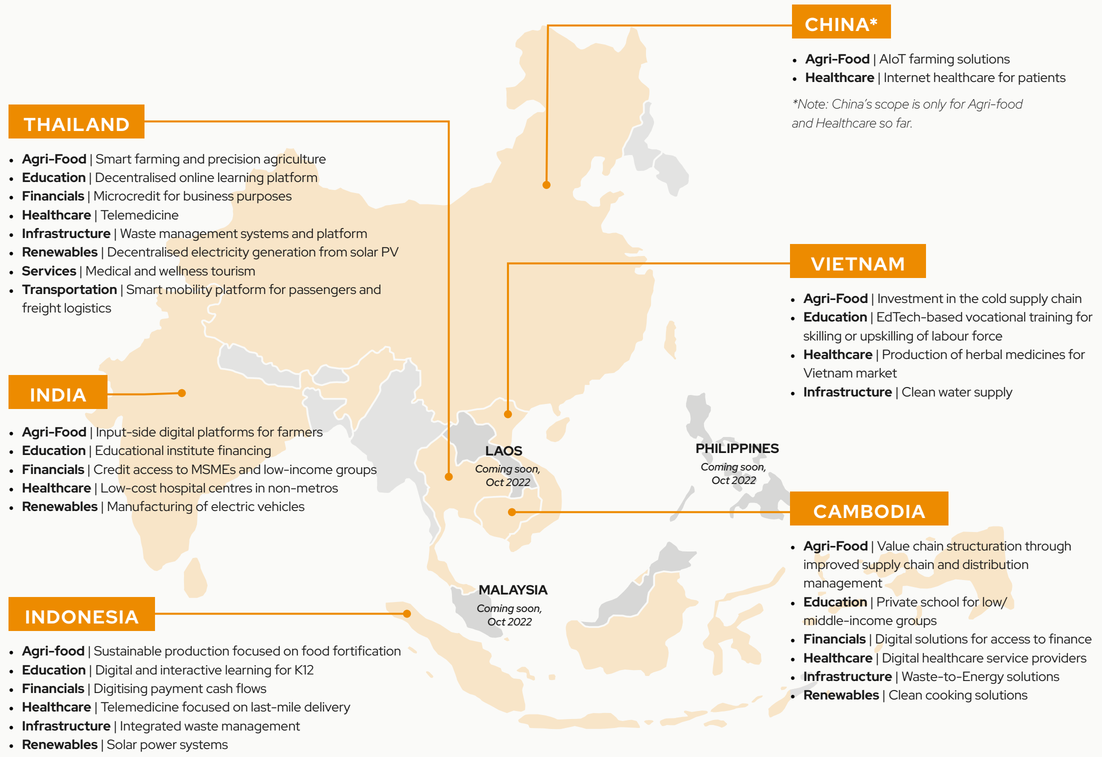
[18] Brookings Institution (2017). The Unprecedented Expansion of The Global Middle Class (Note: Data covers Asia and Pacific, including Australia and New Zealand, and excludes Iran, North Korea, Singapore)
[19] Accenture (2021). Youthquake meets Green Economy (Note: Data covers Asia (China, India, Indonesia, Japan, Malaysia, Philippines, Singapore, Thailand, Vietnam) and Australia)
[20] CNBC (2021). Millennials spurred growth in sustainable investing for years. Now, all generations are interested in ESG options
[21] RBC Wealth Management and Economist Intelligent Unit (2018). Women and Millennials reshaping investing and legacy in Asia

powerful push factor for many people to adopt digital technology to access basic services, leading to the acceleration of digitisation and the growing need to enhance digital literacy. Local MSMEs have been challenged by the disruption of global supply chains, increasing the demand for financial capital and more efficient and effective supply chain management support.

The UNDP SDG Investor Maps[22], developed by UNDP SDG Impact and country offices, with support from Temasek Trust as a collaborative partner for ASEAN countries, provides country-level data and insights about SDG-enabling investment opportunities by sectors. Based on this work, we have summarised in Figure 4 an emerging view of promising Investment Opportunity Areas (IOAs) for impact across a number of countries in Asia. IOAs are SDG-aligned investment opportunities that are commercially viable for private sector actors. To enable more commercial capital into impact in the region, UNDP SDG Impact will continue to develop and release more maps across the year. More resources by UNDP SDG Impact can be found in Appendix 2.

[22] UNDP (n.d.). UNDP SDG Investor Maps

Figure 4: Emerging Investment Opportunity Areas (IOAs) for Impact in Asia (non-exhaustive)



Source: UNDP SDG Impact

Note: The SDG Investor Platform provides detailed analyses on the IOAs in each market

To seize these opportunities, technology and digitalisation has emerged as a powerful enabler to transform industries at scale, and it is here that Asia has a distinct advantage. Southeast Asia, for example, is one of the most digitally savvy populations on the planet: in 2021, 40 million new internet users came online, bringing internet penetration in the region to 75%[23], higher than global penetration rate of 60%.[24] Digital penetration reached 90% in Thailand, 81% in Malaysia, and 80% in Indonesia, for instance.[25] India and China, as the two fastest-growing economies in Asia, have also achieved digitisation at impressive speed. Between 1991 and 2019, annual growth rate of mobile and internet density[26] was ~50% and ~130% respectively in India, and ~60% and ~130% respectively in China.[27] This technological readiness has provided the foundation for the emergence of local and regional technology companies, such as Grab and GoTo, to reach and connect hundreds of millions of consumers and business owners and facilitate numerous business and employment opportunities digitally.

[23] Google, Temasek and Bain & Company (2021). E-conomy SEA report 2021 (Note: Southeast Asia scope covers Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam only)
[24] World Bank (2020). Individuals using the Internet (% of population)
[25] Google, Temasek and Bain & Company (2021). E-conomy SEA report 2021 (Note: Southeast Asia scope covers Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam only)
[26] Mobile and internet density are proxies for telecommunication infrastructure/digitization. Mobile density includes penetration rate of mobile services, while internet density includes internet penetration rate.
[27] Asian Development Bank Institute (2021). Digitalization and Economic Performance of Two Fast-Growing Asian Economies: India and The People's Republic of China

KEY LEARNINGS FROM THE FIELD

INSIGHTS FROM PRACTITIONERS IN ASIA

Between January and April 2022, we conducted 28 interviews with investors and companies in Southeast Asia, India, and China to understand their perspectives on impact and where they are on the impact journey. In this section, we summarise the key learnings and insights from our rich discussions, which cover the broad topics of impact motivation, strategy, measurement, accountability, and success.

INVESTORS' PERSPECTIVE

- Impact-oriented investors agree that strong motivation and clear intention are the cornerstone for positive impact contribution.
- Many investors have been successfully integrating impact into their investment processes, from assessing potential investments to measuring and managing impact outcomes.
- Not all investors adopt the same strategy and approach to impact, but generally most report financial returns at par or even above expected market returns. Some base their investment decisions using a market-led approach with sectoral and thematic strategies, while others adopt a consumer-led approach, looking to solve specific pain points in the local context.
- Investors believe there is still a need for more impact capital, including patient capital and funds from both philanthropic and commercial actors. Beyond capital, investors also consider providing active stewardship as essential to help companies scale up impact execution.
- Investors believe that more capital can be crowded into Asia by sharing more successful stories of impact investments, to drive and secure buy-in and interest from new investors and stakeholders.

COMPANIES' PERSPECTIVE

- All business leaders interviewed in Asia agree that a well-defined impact strategy, which clearly demonstrates intent and sets measurable goals is needed. Impact should be embedded, not "bolted-on", and be considered at the most strategic level.
- Developing and articulating an impact strategy is an evolutionary process. Early-stage ventures can start with a focused impact goal and expand their scope as they grow, and large corporates who want to truly deliver outsized impact can start by investing in and transforming their own supply chain and operations.
- Established frameworks (e.g., UN SDGs, the GIIN IRIS+) are helpful as a starting point to translate motivation to articulated goals. However, contextualisation based on relevant countries and sectors is critical.
- Clear impact metrics and an established mechanism for reporting are needed to measure and track the impact of a company, both positive and negative.
- Comparable impact outcomes are critical to allow companies to learn from best practices and benchmark themselves against the market. Alignment of critical impact outcomes will also improve the visibility of companies' impact success and enable them to gain recognition from relevant stakeholders.

INVESTORS' PERSPECTIVES

Investors agree that strong motivation and clear intention is critical.

Motivation and intentionality in pursuing impact matters. From our interviews, the motivation of the individual investors, fund managers and investees was something that came out consistently as a critical factor in impact. Ex-ante motivation and intent is the cornerstone of impact practice and drives many investors. It guides them to make decisions by adopting rigorous processes to assess the intent authenticity of potential investees.

For example, Omidyar Network India believes that "the intention to create impact is an important question and starting point", as shared by its partner Varad Pande. Chief Impact Officer of ABC Impact, Sugandhi Matta, also agreed that, "intentionality is a key differentiator of us, and intentionality of founders are a screening question that applies to all our investment decision".

> "Clarity on intentionality of the founders matters most to us. We seek strong alignment of intentionality of promoters (founders)."
>
> **VENKY NATARAJAN, CO-FOUNDER & PARTNER, LOK CAPITAL**

Investors are specifically looking for companies where impact creation is embedded in the core business model and whose founders are able to clearly articulate their impact intention. They also attach emphasis and efforts to seek alignment in intentionality with both prospective investees and LPs, as they have found that a shared pursuit of impact serves as a solid foundation to maximise impact through joint efforts.

In addition, a clear and compelling common purpose among internal stakeholders is a powerful agent for change, which also drives stronger long-term financial returns and reduces risk. "Our partners are authentically interested, motivated and passionate about harnessing the power of the capital markets to make a positive impact on the lives of emerging consumers and their communities", as shared by LeapFrog Investments' partner, Fernanda Lima.

Investors can deliver impact through different strategies and approaches. Active stewardship is the cornerstone for all investors interviewed.

Many investors shared that, despite challenges, they have been successfully translating their impact intents into actions, from identifying and assessing investment opportunities to measuring and managing impact outcomes, both positive and negative. Impact investors define their investment strategy in various manners, from using a sectoral, market-led approach to focusing on a specific social or environmental issue. For example, ABC Impact identified their five investment themes based on the UN SDGs, and pursue market opportunities within these themes.

LeapFrog Investments employs a sector-specific approach, focusing on financial inclusion and healthcare, to enable them to go deeper in their impact and value creation discussions. For example, the healthcare team includes several doctors, who are able to draw on first-hand experiences in the healthcare industry to develop strategies that are practical and nuanced and which drive both financial and social returns. Others focus on specific impact parameters, Lok Capital is focused on fostering more holistic growth, both financial and social, in India, while Circulate Capital is dedicated to solving the issue of ocean plastics in South and Southeast Asia. [More can be found in the case study of "Lok Capital & Veritas Finance: An Aligned Mission To Drive Inclusion At Scale"]

By contrast, Omidyar Network India is sector agnostic, which enables them to see the intersections across sectors. They employ a geographical focus to their investment strategy, with an approach that is shaped by a deep understanding of the nuances of a common culture, values, and identity of the population it serves, often referred to as the Next Half Billion, representing the 500 million Indians who have come online for the first time via their mobile phones between 2017 and 2022. Oppenheimer Generations Asia (OppGen Asia) does not have a specific sectoral focus or top-down thematic approach, but does carefully select the right investment partners to ensure a shared commitment to impact and engaged capital. Their principal, Jonathan Oppenheimer, defines engaged capital as "a partnership between financial investors and company managers, with a shared long-term horizon and a focus on maximising sustainable value". Engaged capital investment requires patience, tolerance of risk, and scale.

No matter the strategic approach, impact investors need to adopt a framework for impact assessment. In partnership with Bridgespan Social Impact, TPG's The Rise Fund and Y Analytics, TPG's dedicated impact assessment and ESG capability, developed a research-based approach to assign monetary value to impact, based on metrics that help estimate the economic value of the social and environmental impact of the investment. Ehong Capital in China has adapted and applied Impact Management Project's (IMP's) 5-dimension framework for impact evaluation, and the GIIN's IRIS+ to identify key outcomes and metrics to measure. [More can be found in the case study of "Ehong Capital: Pioneering Impact Investing in China"]

Similarly, ABC Impact employs a systematic and evidence-based approach to IMM, from leveraging the UN SDGs as a basis for goal setting and IMP's 5-dimension framework for impact evaluation, to developing a scoring system that defines the minimal impact threshold for their investments. [More can be found in the case study of "ABC Impact & Kim Dental: Safeguarding Impact Commitment Through Strong Management And Accountability"]

Several players have developed proprietary IMM frameworks. For example, LeapFrog Investments has pioneered its own proprietary measurement tool – Financial, Impact, Innovation and Risk Management (FIIRM) Framework – that embeds key indicators of impact together with financial and operational performance and governance indices and is benchmarked to international best practices such as the Global Impact Investment Rating System (GIIRS), IRIS+, and PRI. Lok Capital has also evolved its proprietary measurement framework to include considerations on gender equality and emission reductions through its investees.

Beyond traditionally recognised impact investors, other types of investors are also increasingly thinking about and adopting impact. Ishk Tolaram Foundation, a philanthropic organisation within the Tolaram ecosystem, is shifting toward a 'total portfolio approach' to impact. The foundation started by incorporating responsible investing principles, phasing out investments that were not aligned to their exclusion criteria. In 2019, they moved towards including 'impact-first' investments with a carve-out of half a million dollars. Presently, in addition to using an ESG lens, they continue to apply an impact-aligned approach across their investments in the private and public equities spaces. As Executive Director, Sumitra Aswani explains, while the foundation has a standalone impact investment portfolio, they assess potential for impact across all types of assets, from commercial investments to grants.

East Ventures, a mainstream venture capital (VC) fund that is not typically recognised as an impact investor, adopts a consumer-led and digital-first approach. While they do not identify as an impact investor, they look for digital solutions that solve specific pain points in the local society and industry. East Ventures employs a practical approach to impact, by supporting investees in building product-market fit to solve sizable societal problems. The fund focuses on developing the core business of their investees before assessing and measuring its impact contribution. East Ventures does not apply an impact framework to its ventures at the early stages, focusing rather on ensuring the company has the necessary "muscles" to be commercially viable and financially sustainable. As the business becomes stronger and sustainable, they then support them in developing a more deliberate and focused impact strategy. East Ventures recognises they can do more in impact as a large mainstream VC, for example, they are starting to measure their portfolio's impact and to monitor non-financial metrics, though not yet across their entire portfolio. They recently became Indonesia's first venture capital firm to sign the UN Principles for Responsible Investment (PRI).[28]

> "To deliver impact, we first need to build the system of 'muscles' required, that is, a strong core business model."
>
> **WILLSON CUACA, CO-FOUNDER & MANAGING PARTNER, EAST VENTURES**

Similarly, Maveron, a US-based, B-Corp aligned VC firm, identifies themselves as investors who care deeply about purpose and impact – ~70% of their investments are purpose-driven – but not as impact investors. The funds take into account ESG criteria during the due diligence process. They also look at the company's ethics, and founders' ability to engage internal and external stakeholders around its impact missions as part of its investment decision process. However, today, their tracking and measurement of impact is still ad-hoc, which the fund acknowledges is still work in progress.

East Ventures' and Maveron's journeys highlight the beginning of a convergence between mainstream and traditional impact funds, starting with the intent for impact, and beginning to evolve into better accountability. As this space continues to develop, what defines an impact investor is becoming a blurred distinction.

[28] East Ventures (2022). East Ventures becomes Indonesia's first venture capital firm to sign UN Principles for Responsible Investment

Notwithstanding the difference in approaches, all investors interviewed pursue financial returns in their impact investments. According to a study by IFC, private-equity impact investments deliver at par or beyond market level (generally 15% above the S&P 500 index).[29] Interviews conducted as part of this report have also shown that a double bottom line is possible. For example, Ehong Capital, an impact investor in China, invested in Qiangying Duck Farm Group (2012-2018) and achieved 3x exit multiple. It also created 8,000 jobs (60% for women) in low-income communities, and lifted 3,000+ smallholder farmers households out of poverty. East Ventures, a mainstream investor, invested in Kudo, an e-ecommerce platform for millions of underserved MSMEs, and generated a 285.7% IRR and 53.7 Multiple of Invested Capital (MOIC) for the fund.

Further, beyond capital, active stewardship is also indispensable to support companies to develop its business and scale impact. As OppGen Asia explains, "Capital needs to be engaged, for example by helping ventures make sound decisions to invest in productive assets in the pursuit of long-term value."

All investors we interviewed agree. For example, Lok Capital provides its portfolio companies with not only financial capital, but also strategic guidance on product development and expansion. They have recently started discussions with one of its investees in microfinance, Veritas Finance, to identify a borrower income measurement and monitoring system. ABC Impact and Ehong Capital also maintain frequent conversations and close collaboration with their portfolio ventures to evolve impact strategy, business models, as well as impact measurement. LeapFrog Investments works proactively with their portfolio companies to optimise all aspects of their operations, through initiatives such as their talent development consultancy Talent Accelerator and customer experience programme CX Launchpad.

More and different types of capital are required to scale and sustain impact.

In recent years, there has been a growing number and diversity of investors participating in impact investing. The market has expanded to include mainstream investors in both private (e.g., TPG's The Rise Fund, Bain Capital, KKR[30]) and public equity (e.g., BlackRock), as well as established financial institutions such as Goldman Sachs and JP Morgan.[31]

Despite the positive momentum, there still remains some **key gaps in impact capital. Critically, more patient capital is needed,** at the start of a company's journey and to safeguard a company's impact mission amidst efforts to scale. Most investors interviewed found timeframe a challenge in impact investing. For example, impact investors such as Lok Capital (investment horizon of ~10 years) and Ehong Capital (investment horizon of 7-8 years) have generally demonstrated more patience than traditional investors. They both think that a longer timeframe is needed to enhance impact outcomes alongside financial returns in local markets (e.g., 15-18 years in India, and 9-10 years in China). This observation is also reflected in a GIIN study[32]: practitioners generally shared that a more flexible time horizon would allow them to optimise impact outcomes and financial returns as well as responsible exits from the portfolios; however, most of them face pressures to return capital within a fixed timeline.

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[29] IFC (2020). How a mandate for impact in emerging markets helped the IFC outperform the S&P 500
[30] Private Equity News (2021). What you need to know about Bain's $800m Impact Fund
[31] British Private Equity & Venture Capital Association (BVCA) (n.d.). Impact investment in private equity and venture capital
[32] GIIN (2018). Lasting Impact: The Need for Responsible Exits

This pressure is also transferred to the ventures. Given current market expectations for fundraising timelines, many impact ventures need to raise capital from non-impact investors that have different priorities as they grow. This **sometimes leads to "mission drift"** from a company's original impact focus. Typical struggles and difficult conversations between impact ventures and their later-stage non-impact investors can include whether to switch to low-impact but high-profit areas, and whether to stay committed to equally weighting impact metrics or to put more weight on commercial returns.

There are promising success stories in Asia where the philanthropy and commercial worlds blend. Bandhan Bank's journey over 21 years, from not-for-profit to a microfinance institution (MFI) and finally a universal bank in India, demonstrates the power of patient capital in supporting the growth and success of an impact business over the long-term. Bandhan begun as a not-for-profit entity in 2001 with a mission of financial inclusion and women empowerment, growing to become India's largest MFI by 2010, then transforming into a national scale commercial bank focused on inclusive banking, and eventually going public in 2018. According to Chandra Shekhar Ghosh, MD and CEO of Bandhan, "socially-minded investors and institutional investors were critical for us to grow and deliver our social mission".

Still, there are sustainable development challenges that are deep-seated and require technologies that have yet to be proven viable today. Here, **philanthropic capital, in the form of venture philanthropy, has the distinct risk absorption capacity to invest** in these nascent, disruptive technologies and catalyse game changing solutions required to address these pressing challenges.

A case in point is RWDC Industries, which demonstrates that a company can move along the continuum of fundraising from philanthropic to commercial capital. As the winner of the first-ever Liveability Challenge in 2018, RWDC was awarded S$980,000 by Temasek Foundation Ecosperity in grant funding for their biodegradable solutions to replace single-use plastics.[33] The grant support has not only amplified the financial resources for the start-up, but also attracted world-class investors to back this sustainable business. In its stapled B1/B2 fundraising round, RWDC successfully closed US$143 million led by prominent investors, e.g., Temasek, Vickers Venture Partners (a global VC), Flint Hills Resources (a leading energy and resources company), and CPV/CAP Pensionskasse Coop (the pension fund of Switzerland's largest retail company), and has even been endorsed by NASDAQ.[34]

Family offices are an important group of investors who are well positioned to provide patient capital and catalytic finance. For example, OppGen has a proven track record of generating positive impact by unlocking catalytic grants in underfunded areas in Africa, their home market. As Edoardo Collevecchio, Managing Director of OppGen Asia, observes, "Family offices can play a critical role in accelerating Asia's journey towards impact; having family office champions will greatly help to mobilise capital that is both patient and engaged."

[33] The Liveability Challenge (2018). TLC Winner Announced
[34] RWDC Industries (2020). NASDAQ congratulates Vickers Venture Partners, RWDC on Series B funding

> “We hope more impact-driven firms reach serious scale, and through their demonstrated success in backing sector-defining companies, continue to pull the investment industry into the future.”
>
> **DONDI HANANTO, PARTNER, PATAMAR CAPITAL**

Sharing successful stories of impact investments can inspire and crowd in more capital.

Many investors observe that there are emerging pools of ESG capital, mainly driven by the growing awareness and demand from consumers as well as supportive regulatory environment. For example, Anarghya Vardhana, Partner at Maveron observed, “There are emerging pools of ESG capital driven by the pursuit of valuation premium and increasing emphasis attached to purpose among companies, driven by the demand of consumers.”

However, investors generally agreed that to drive more investments into solutions that contribute to solving social and environment challenges, more evidence and success stories in Asia is needed. These stories act as a vehicle to illustrate impact creation, so as to increase confidence and secure buy-in from investors. This will help mobilise more capital towards impact.

Maya Chorengel, co-managing Partner at TPG’s The Rise Fund reinforced that, “success stories are needed to accelerate the adoption of impact across the ecosystem”. Dondi Hananto, Partner at Patamar Capital also observed that LPs in impact-driven funds are not only driven by impact metrics, but also by the “theory of change” driving their investments and the firm’s demonstrated commitment to helping entrepreneurs maximise the impact their companies. Further, LeapFrog Investments believes in leading by example and demonstrates institutional capacity in impact as a means of encouraging more mainstream capital into the sector.

Success stories can also inspire more local players to develop impact solutions. An early demonstration of the power of impact stories is the successful IPO of SKS Finance, dedicated to empowering unbanked customers with inclusive microfinance in India[35], which has catalysed the emergence of the microfinance industry in India and encouraged new players to enter the market.

[35] Reuters (2010). SKS IPO success heralds more microfinance offers

COMPANIES' PERSPECTIVE

All business leaders interviewed in Asia agree that a well-defined impact strategy, which clearly demonstrates intent and sets clear goals is needed. However, developing and articulating an impact strategy is an evolutionary process.

Fundamentally, **impact should be embedded, not "bolted-on". It should be regarded at the most strategic level** as a lever to drive enterprise value creation and as such should be a priority for C-suite leaders. With stakeholders increasingly demanding purposeful and responsible businesses, impact integration has become a license to operate – whether a start-up, a growth business, or an established incumbent. To ensure impact is complementary and not antagonistic to core business objectives, it should be embedded into "business-as-usual" – from strategy through to operating model – and not thought of in siloes, as it has been traditionally, for example as a separate Corporate Social Responsibility initiative. SwipeRx, a community-driven commerce model that improves the quality, availability, and affordability of medicines for its pharmacy members, **sees no trade-off between their business and impact outcomes.** "At SwipeRx, business and impact are inextricably linked, the more we scale our business, the more we improve public health", says Farouk Meralli, CEO of SwipeRx. Tanah Sullivan, Head of Sustainability at GoTo, describes a similar ethos at the digital platform company, " Creating value for stakeholders is central to how we operate and grow as a company."

It is never too late to start, nor is any action too small to make a difference. Developing and articulating a business' impact intent is an evolutionary process. It could take several iterations before a company develops clarity about the full scope of their impact strategy and how best to establish impact delivery as part of the core business model.

> "Grab started as a double-bottom line business and is now transitioning to triple-bottom line approach to incorporate socioeconomic and environmental impact creation at a strategic level."
>
> **IRIS CHANG,**
> **REGIONAL DIRECTOR OF SUSTAINABILITY, GRAB**

Early-stage ventures can start with a focused impact goal and expand their scope as they grow. For example, Nikel, a fintech company based in Singapore, began with lowering the cost of capital for underserved sectors. It has continued to maximise the reach of their impact by partnering with regional leading banks to develop credit scoring models that can enable established players to address needs of the underserved as well. In Indonesia, Aruna started with a dedicated effort to improve the livelihoods of local fishermen by disintermediating the supply chain. As they grow, they also strive to include and transform the middlemen that its ecommerce platform potentially impacts, by actively engaging them as their quality control partners. [More can be found in the case study of "Aruna: Improving Livelihoods at Sea through Digital Empowerment"]

Large corporates can make an outsized impact by investing to transform their own supply chains and operations. For example, Dole Sunshine Company has partnered with Ananas Anam to work closely with farming communities in the Philippines to reduce food waste and improve livelihoods of farmers. Through this initiative, leftover pineapple leaves on farms will be repurposed into ethical, sustainable, animal-free leather by Ananas Anam, creating a new revenue stream for the farmers. "In Asia, the acceleration of impact evolution is driven by 'survival instinct,' and the opportunities presented, e.g., increasing consumer demand on good nutrition," says Pier Luigi, Worldwide Food & Beverages business, Dole Sunshine Company.

Many large corporates also strive to future proof their business by building new engines of growth that are focused on developing sustainable development solutions. For example, Olam Group has a robust corporate venture portfolio that includes Jiva, an end-to-end digital platform that is focused on empowering smallholder farmers, e.g., increasing access to financing and markets and improving sustainable practices.

Established frameworks and benchmarks are helpful as starting points to translate motivation into articulated goals. However, impact strategy and implementation require contextualisation based on the needs of specific countries and sectors.

Many interviewees found that a useful starting point on their impact journey was to take reference from and align with well-established principles, standards, decision frameworks, and metrics. Many companies have also started looking beyond ESG reporting and are evolving their impact strategy in line with their contributions to the UN SDGs.

For example, in line with its core business in agri-food, Japfa Ltd has aligned its sustainability strategy to SDG 2: to end hunger, with improved food nutrition and sustainable supply chains. With this as its guiding principle, Japfa Ltd launched the first sustainability-linked bond in the global agri-food industry aimed at improving water circularity through wastewater recycling, to help reduce water withdrawal and conserve clean water. [More can be found in the case study of "Japfa Ltd: On A Journey to Feed Emerging Asia Sustainably"]

Similarly, Olam Group maps its impact outcomes (e.g., prosperous farmers, thriving communities) and 10 priority areas (e.g., safe and decent work, nutrition and health) against the UN SDGs. Meanwhile, Grab adopts the GRI (Global Reporting Initiatives) and Sustainability Accounting Standards Board (SASB) standards. In addition to these, several other recognised frameworks, metrics, and tools have been gaining traction globally and in Asia. We summarise some of these resources in Appendix 2 for companies looking for internationally accepted standards as they move along their own impact journeys.

> "Our Sustainability Framework, mapped against the UN SDGs, enables us to translate our purpose into practice."
>
> **SURESH SUNDARARAJAN, CEO, OLAM VENTURES**

“We encourage businesses to explore how they can deliver impact within Asia’s context, by setting their goals and integrating sustainability in line with their own business strategy and focus.”

FABIENNE MICHAUX, DIRECTOR, UNDP SDG IMPACT

Whether for a new venture starting with a clear impact mission in mind or an established company seeking to incorporate impact, contextualising the established impact framework is critical. While most of our interviewees acknowledged that internationally recognised standards were a valuable starting point, they also highlighted that different markets have their own unique set of impact issues and nuances. For companies to stay relevant in the markets in which they operate, they need to define and develop an impact strategy that is in line with the local context.

Some impact-oriented start-ups are dedicated to solving pain points that are specific to local communities. For example, Kim Dental is plugging the gap of essential dental care in Vietnam, which is an overlooked area in the country and leads to many other severe health problems which disproportionately affect underprivileged people. To enhance the coverage of the necessary dental care, their solutions include not only affordable services but also training of more dental professionals. IngCare in China is dedicated to supporting autistic children and their families, by bridging the shortage of skilled teachers. To date, it has trained more than 60 thousand teachers for special education, contributing over 60% of the total in the industry.

Contextualisation is important to the impact strategy of large corporates as well. For example, Japfa Ltd contextualises its core mission to provide affordable protein to align with the socioeconomic characteristics of the various markets in which they oper ate across Asia. They use data to sharpen their business strategy and deliver more impact by focusing on delivering their products in countries where protein consumption remains low, e.g., Indonesia and Vietnam.

As emphasised by UNDP SDG Impact in our conversations with them, for businesses to successfully embed impact in the Asian market, they must tailor their impact goals to the needs of those who experience such impacts, and to their own unique operational strengths and strategy.

Clear impact metrics and an established mechanism for reporting are needed to measure and manage the business' impact, both positive and negative.

Impact measurement and management (IMM) is needed to avoid mission drift from initial intent, and to ensure impact mission is safeguarded over time. As a business evolves, and more investors join to support its growth, there is a risk that a business loses sight of its initial motivation and intent which will potentially limit sustained impact generation.

Hence, IMM should be established alongside businesses' existing financial metrics to ensure the pursuit of impact and financial outcomes go hand in hand. As a starting point, many companies have found the ESG framework useful as a recognised set of metrics to measure and report on. For example, GoTo has a centralised Sustainability Function that reports directly to GoTo's senior leadership, with group-wide ESG-linked objectives and priorities that are incorporated into the company's financial planning cycle.

While ESG provides a baseline framework to start with, current adoption by industry is mostly focused on compliance and risk mitigation. Impact management needs to go further – to embed considerations of impact outcomes, both positive and negative, into key management decision-making processes and governance. As a framework that institutionalises tracking and measurement of progress towards stated goals, the impact approach enables us to make strategic business decisions based on a holistic understanding and monitoring of financial metrics and non-financial outcomes, both social and environmental, over time.

Both ESG and impact management require greater standardisation of data, quantification of impact, and an expanded view of materiality reporting – from focusing on financially material metrics to considering double materiality. We need to improve the availability, quality, and interoperability of data to enable companies, financial institutions, and investors to assess progress towards sustainable development goals and measure the impact of their operations and investments.

More specifically, better alignment on measuring critical social factors is needed, especially considering the Asian context with its geographic and socio-economic diversity. Across our interviews, companies commonly observed the maturity of environmental factors, driven by regulatory action such as carbon taxations, being increasingly tangibly measured and tracked. By comparison, many players still find defining and measuring social outcomes challenging, as it is less quantifiable for measurement while being far more diverse in metrics. For example, Grab still finds that social metrics tend to be subjective and difficult to measure, especially when evaluating behavioural changes in the long run. Many companies are calling for research and data and analytics support to enable them to define clear social metrics and robust associated targets. This is important to enable more informed decision-making, for example when balancing social empowerment with environmental protection. A detailed understanding of both social and environmental outcomes is critical, especially as Asia maps out its roadmap for a just transition to net-zero. Some regional companies are taking the lead to develop a better baseline understand of outcomes through industry-wide primary research. For example, Grab has founded the Tech for Good Institute, a non-profit organisation serving as a platform for research, conversations and collaborations to leverage the promise of technology for inclusive, equitable and sustainable growth for Southeast Asia.

To implement effective impact management, it is paramount to set accountability for impact across the entire organisation, by defining clear KPIs and resourcing a dedicated team with the tools they need – whether it is processes, structures, or software. For example, Dole Sunshine Company includes socially and

environmentally conscious young stakeholders in their advisory board to assess the company's sustainability strategy and challenge the top management's commitment to impact. Japfa Ltd ensures impact accountability, both positive and negative, through the establishment of key management processes and structures, which engages the top management and involves robust governance structures, reporting systems, data analytics capabilities, and KPIs setting.

Impact accountability extends beyond positive impact generation to understanding and managing negative impacts as well. For example, Aruna recognises that their business of connecting fishermen directly to the market inherently disrupts the middlemen in the fishing supply chain. To address this, Aruna actively engages and employs the middlemen, for example as their quality control partners. Japfa Ltd has conducted lifecycle assessments (LCA), both social and environmental, to better understand the impact of their business across all stages of a product's life. Results from the LCA are used to guide their sustainability strategy and initiatives, for example, improving water and waste management.

Impact measurement and reporting is not exclusive to large corporates. Many young ventures are also taking action. While start-ups tend to face more financial and manpower constraints, many of our interviewees have demonstrated their uncompromising commitment to keeping themselves on track towards their impact mission by consistently tracking and communicating their progress with stakeholders. They also highlighted the important role their investors play in supporting them to set up impact measurement and reporting metrics, systems, and practices. It is also encouraging to hear from many early ventures that not only dedicated impact investors, but also increasingly non-impact investors, attach significant importance to impact measurement and monitoring.

Comparability of impact outcomes is critical to allow companies to learn from one another, benchmark themselves against best-in-class and to be recognised by all stakeholders, including consumers, employees and the capital markets.

Across our interviews, it is clear that **it is critical to establish consistency and comparability of impact metrics across different measurement frameworks and methodologies** so that all stakeholders can clearly understand the impact a business is having, so that they can make strategic decisions and capital allocations accordingly. This is not always easy for new entrants, and the ecosystem in Asia needs to provide stronger support for on-ramping companies who want to move toward impact but need support in establishing their frameworks and systems.

Making impact outcomes comparable and communicable to all stakeholders holds significant commercial value to companies. The growing maturity in reporting and comparability of environmental metrics (e.g., carbon emissions) today has shown us the potential upside for businesses to be held accountable, notwithstanding issues of greenwashing. For example, the issuance of green bonds is a powerful financing tool, and green businesses increasingly have a competitive edge in attracting top talents. More potential can and should be unlocked on the social side. For example, Japfa Ltd has found it challenging to prove to the market the value of their investment in empowering local farmers and educating local consumers in quality nutrition.

A common wish across our interviews was to get support from the ecosystem, including **guiding principles to support "what" should be measured and "how" to compare.** Specific requests were also voiced for more and higher quality **benchmark databases**, **third party ratings and accreditation, and advisory services** to support companies in better understanding and improving their own impact performance.

BUILDING BLOCKS TO SCALE UP IMPACT

Our discussions with investors and companies have provided a valuable peek into a flourishing impact ecosystem in Asia. However, it is also clear from our conversations that key gaps remain, and more is needed to unlock the full potential of impact in the region.

Much that is needed is leadership and action by all organisations, investors and businesses alike. We have summarised some of the key ingredients required for organisations to be effective agents of impact below.

ORGANISATION SUCCESS FACTORS:

INVESTORS

- Start with an intent for impact at the fund level, which can be operationalised in various ways, e.g., investing to serve the bottom of the pyramid or to develop environmentally sustainable solutions
- Build on intent to develop a rigorous impact measurement and management (IMM) system, guided by internationally recognised frameworks that are adapted to local culture and nuances
- Be active stewards – impact-oriented investors provide much more than financial capital, in the form of human capital, expertise, and leadership at the ventures' capitalisation table
- Invest in data and research to measure and manage impact at both the portfolio and investee levels

COMPANIES

- Identify "sweet spots" of impact areas with a strong business case, and align the core business model with impact creation to minimise trade-off considerations
- Leverage digital technology to bring down costs and scale both business and impact
- Start with what is in your control, e.g., supporting MSMEs suppliers and / or smallholder famers across the business' supply chain
- Continuously measure impact, e.g., studies to understand end-customer needs and outcomes, lifecycle assessments for cradle-to-grave or cradle-to-cradle analysis of impacts across all stages of a product's life
- Set guardrails to avoid "mission drift" and losing sight of the impact mission, especially through business growth and organisational changes

ALL ORGANISATIONS

Safeguarding the impact mission

- Pursue impact that is in line with internal motivations, tied to the core organisational mission
- Articulate a clear impact strategy, from goal setting to target expectations, including setting management KPIs

Measurement as the first step of management

- Drive rigorous data collection and establish strong impact management systems to ensure accountability of impact, both positive and negative

Aligned operating model

- Cultivate talent with impact skills and capabilities, both through new hires and upskilling of existing staff
- Establish an operating model and governance structure that aligns top-down impact mission and strategy with bottoms up buy-in and action to ensure delivery

Beyond actions at the organisational level, a robust ecosystem is also required to achieve a step-change in impact. While the list of ecosystem needs below was derived from speaking with organisations based in Asia, many of these are globally relevant and are issues commonly shared across regions.

ECOSYSTEM DEVELOPMENT AREAS:

IMPACT PROFICIENCY

- A clear common language, e.g., universal taxonomies
- Harmonised standards and metrics for impact, e.g., to inform what to measure to improve comparability of data
- Availability of high quality impact tools and support services, e.g., outcomes measurement tools, impact advisory and assurance services

CAPACITY BUILDING

- Training and education of a new generation of impact actors, e.g., businesses and futures employees
- Re-/upskilling of the existing workforce, especially in the context of a just transition

DATA QUALITY AND INFRASTRUCTURE

- Enhanced data availability, quality, and interoperability
- Strong data infrastructure to support collection and- exchange of impact data
- Industry-wide baseline and benchmarks to provide better visibility and understanding of impact outcomes to enable more informed decision-making when balancing different impact considerations, e.g., environment vs. social

CAPITAL FLOWS

- Increased awareness and aligned interests from LPs
- Innovative financial instruments, e.g., blended financing to de-risk investments into high-impact, poorly funded areas, and further mobilise private capital
- More patient capital that can serve as catalytic finance to spur innovation and bridge gaps to commercial viability
- More diverse forms of financing, especially at the growth stage, to support impact ventures to scale

THE JOURNEY AHEAD FOR ASIA

DEVELOPING THE IMPACT ECOSYSTEM

Based on our discussions and the needs highlighted by market participants, we believe a fully developed impact ecosystem is critical to create impact at scale in Asia. Achieving this will require individual and collective efforts from a broad range of stakeholders, including investors, companies, researchers, networks, service providers, and regulators. Each group of stakeholders has a clear role to play, as elaborated below.

As described throughout this report, **investors (from capital providers to fund managers) and companies (from large corporates to new ventures) are the core drivers and executors of impact.** Investors can improve capital flows while providing active stewardship to support investments to scale and move along their impact journey. Meanwhile, companies can align their business models to create positive impact (e.g., circular supply chains, digital platforms) and set up their organisational structure and operating model to effectively execute impact (e.g., strong governance and clear links between impact outcomes with KPIs).

> "Building an ecosystem that connects players at different stages and scale would enhance our collective power to make a difference."
>
> **FAROUK MERALLI, FOUNDER AND CEO, SWIPERX**

> "We cannot bring material change to the ecosystem on our own, but we can achieve that through joint efforts and better connectivity with each other."
>
> **DR. TANG RONGHAN, FOUNDING PARTNER, EHONG CAPITAL**

The research sector, both industry and academic, plays an important role in defining the baseline understanding of impact outcomes and needs across key sectors in Asia. Given the general paucity in impact data, especially in Asia, more research is required to shine a light on the impact needs and opportunities in the region, e.g., sector and subsector indices on impact outcomes, market sizes for impact opportunities. For example, Circulate Capital acknowledged the importance of partnering with experts from non-profits such as Ocean Conservancy and The Circulate Initiative, with research institutes such as A*STAR and with academics for primary research on environmental issues such as plastic pollution or the climate impact of plastic recycling to better guide their investment and impact strategy. ABC Impact and Ehong Capital, amongst other funds, also invest in collecting primary data to validate their initial impact theses, formed based on international frameworks, with on-the-ground data that reflect local realities.

Educational and training institutes will be critical to develop a strong talent pool with high quality impact skills and capabilities. Institutions of higher learning including universities will play an important role in cultivating a new generation of impact agents. The development and integration of impact modules and courses into curricula will help instil awareness, shape intentionality, and develop the proficiency in impact language among future generations of capital providers, fund managers, business founders and leaders. For current generations already in the workforce, institutions which deliver professional education and upskilling programmes in partnership with industry practitioners and networks will be important. In addition, **mentorship at the earlier stages of a business' lifecycle is key to embed impact at the core.** At this stage, programmes like accelerators and incubators are critical in supporting the formulation of intent and impact strategy alongside business fundamentals for early to growth stage businesses.

Service providers (e.g., data and measurement providers, strategic advisors) are needed to build up impact proficiency in the market. For example, data platforms and analytics dashboards would provide more visibility and a better understanding of impact outcomes, to enable more informed decisions when balancing different impact considerations. Recommendations on potential deals for investment based on real-time data collection and analytics would be useful to facilitate matching between investors and companies.

Independent associations and agencies, such as UNDP SDG Impact, are important in defining and promoting impact standards. Ecosystem players look to these impartial bodies to establish guiding principles for goal-setting and comparable impact metrics and taxonomies for reporting and benchmarking. **Networking bodies, such as the AVPN, are critical to convene ecosystem players to generate much needed discourse on impact and promote successful impact stories.** For example, Asia-based forums, roundtables, and conferences can bring together impact agents to facilitate the exchange of ideas and mobilise collective action in the region.

Finally, a favourable regulatory climate will be necessary to spur the growth of impact investing and practices. We have already seen instances where supportive policies and regulations have accelerated development of sustainability practices and social enterprises in countries in Asia. Going forward, we anticipate that supportive regulations will play a significant role, as the impact market matures and develops further.

KEY ACTIONS FOR IMPACT ORGANISATIONS: PRELIMINARY RECOMMENDATIONS

It is clear that significant activity in the impact space is already underway in Asia. Through our conversations, a few key takeaways have emerged:

1. Asia presents tremendous opportunities to achieve impact at scale, due to its unique characteristics.
2. Social and environmental impact can be pursued simultaneously without sacrificing financial returns, enabled by increasing digitalisation.
3. Systematic and continuous measurement is critical to make impact more visible and accountable.
4. More patient, diverse, and innovative forms of capital are needed to further scale impact.
5. While there are clear signs of promise, there is much more to do. A robust impact ecosystem will be key to building strong market fundamentals, while active leadership by all organisations is needed to make impact the norm, not the exception.

Based on findings from this report, we have developed a preliminary set of core recommendations that all players, no matter which type or at which stage, can mobilise towards as we move along this journey of impact together.

1. **Start now – do not let perfect be the enemy of good.** While impact-related problems may seem large, and the space continues to evolve with changing standards and expectations, it is more important to do something than to do nothing at all. It is better to make mistakes along the way and adapt your course of action than be plagued by inaction.

2. **Be rigorous in your approach.** There is a wealth of resources (for example, the standards, frameworks, and tools summarised in Appendix 2) that provide guidance on how to integrate impact into the organisation in a rigorous manner at all levels. Look out also for case studies that can serve as inspiration and learnings for the development of your own impact intent and strategy.

3. **Think about impact strategically.** Investors and businesses who are serious about impact embed it at all levels of their organisation: at the core fund or business strategy and across all decision-making and management processes and systems of accountability.

4. **Begin to measure impact, both positive and negative.** Only what is measured can be managed. It is critical for all organisations to take ownership of their own impact measurement through primary data collection, while collaborating with others and championing for better standardisation and harmonisation of metrics and taxonomies to establish better infrastructure at the ecosystem level.

This is the time for collective action among investors, companies, research institutions, philanthropic organisations, NGOs, governments, and the community. Achieving our vision for a sustainable future is not a zero-sum game. To succeed, all types of capital and practitioners have to come together, to build a robust impact ecosystem in Asia, for Asia.

THE CENTRE FOR IMPACT INVESTING AND PRACTICES BY TEMASEK TRUST

Centre for Impact Investing and Practices

With growing recognition that profits can be pursued alongside purpose, and Asia's vast potential for generating impact at scale, there is an urgent and critical need for a strong Asian perspective on impact on the global stage. The Centre for Impact Investing and Practices (CIIP) strives to enlarge the impact ecosystem in Asia and beyond, by bringing together stakeholders, engendering interactions, and establishing a common language for positive outcomes in impact investing.

Anchored by the belief that impact investing and practices can spur innovation and solutions for the pressing social and environmental challenges our world faces today, CIIP works with stakeholders to build knowledge assets and enhance capabilities, champion credible and practical industry standards, and convene stakeholders to catalyse positive action towards impact investing. Our mission is to advance impact investing knowledge, communities, and practices, so as to encourage and enable effective deployment of private capital by investors, companies, and philanthropists, towards positive impact outcomes for the environment and well-being of communities in Asia and around the world.

Based in Singapore, CIIP is a non-profit centre established and supported by Temasek Trust, a steward of philanthropic assets, gifts, and endowments. Temasek and ABC Impact are CIIP's strategic partners.

APPENDIX 1:
SCOPE OF ASIA IN THIS REPORT

Statistics and data on Asia cited in this report, unless otherwise stated, cover the regions of Southeast Asia, South Asia, and East Asia as classified by the United Nations.

SOUTHEAST ASIA	SOUTH ASIA	EAST ASIA
Brunei Darussalam	Afghanistan	China*
Cambodia	Bangladesh	China, Hong Kong SAR
Indonesia	Bhutan	China, Macao SAR
Lao People's Democratic Republic	India	Japan
Malaysia	Iran (Islamic Republic of)	Mongolia
Myanmar	Maldives	North Korea (i.e., Democratic People's Republic of Korea)
Philippines	Nepal	South Korea (i.e., Republic of Korea)
Singapore	Pakistan	
Thailand	Sri Lanka	
Timor-Leste		
Vietnam (i.e., Viet Nam)		

Source: The United Nations (2022). Standard Country or Area Codes for Statistical Use, Series M, No. 49 (M49)

*Note: According to the UN's M49 standard, "Taiwan Province of China is considered part of China".

APPENDIX 2:
LIST OF RESOURCES FOR IMPACT (NON-EXHAUSTIVE)

LEADING ORGANISATIONS	RESOURCES (LINK INCLUDED)	DESCRIPTION
	PRINCIPLES OF PRACTICE	
United Nations (UN)	Principles for Responsible Investment (PRI)	Six Principles for Responsible Investment for investors to incorporate ESG factors and considerations into investment practices.
International Financial Corporation (IFC)	Operating Principles for Impact Management (OPIM)	Nine principles for investors for the design and implementation of impact management, acting as a reference point against which the impact management systems of funds and institutions may be assessed, by drawing on emerging best practices from asset managers to DFIs.
Global Impact Investing Network (GIIN)	Core Characteristics of Impact Investing	The GIIN's Core Characteristics of Impact Investing define the baseline expectations of impact investing. They help investors understand what forms credible impact investing and identify practical actions to scale their practice with integrity.
	MANAGEMENT, DECISION-MAKING STANDARDS, FRAMEWORKS	
United Nations Development Programme (UNDP)	UN SDGs Impact Standards	Decision-making standards organised around four interconnected themes—strategy, management approach, transparency, and governance—to integrate sustainability and SDGs. There are 3 versions for enterprises, private equity funds and bond issuers.
Impact Management Project (IMP)	IMP's ABC framework	A framework to understand motivations by classifying three types of intention for impact: Act to avoid harm, Benefit stakeholders, and Contribute to solutions.
	IMP's 5-dimension framework	A framework to measure impact across 5 dimensions - what, who, how much, contribution, and risk.
B Lab	B-Lab Standards	A multifaceted set of standards including the B Impact Assessment at the core, Risk Standards (to review potentially negative impacts), and Multinational Company Standards & Baseline Requirements (for companies generating $5B+ in annual revenue).

LEADING ORGANISATIONS	RESOURCES (LINK INCLUDED)	DESCRIPTION
METRICS AND TAXONOMIES		
United Nations (UN)	Sustainable Development Goals	17 goals with 169 targets that serve as a call for action by all countries in a global partnership.
Global Impact Investing Network (GIIN)	IRIS+	A publicly available system that brings together standards and norms of IMM with features like Core Metrics Sets and Thematic taxonomy for impact investors to measure, manage, and optimise impact.
International Financial Corporation (IFC)	Harmonised Indicators for Private Sector Operations (HIPSO)	A list of 38 reporting indicators that have been agreed upon by 28 different development finance institutions from around the world, all of whom have signed the MoU on harmonised indicators. These standard metrics with their definitions and units of measurement are widely used by DFIs and other development partners.
Value Reporting Foundation	SASB Standards	77 globally applicable industry-specific standards, which identify the subset of financially-material sustainability topics and metrics most relevant to a business in an industry, and enables businesses to manage and communicate the information to their investors.
GRI (Global Reporting Initiative)	GRI Standards	The GRI offers three series of standards: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards, which guide organizations to identify material topics, measure their related impacts, and how they are managed.
Global Investors for Sustainable Development (GISD)	Definition of Sustainable Development Investing	The GISD is an alliance of 30 leaders of major financial institutions and corporations globally and aims to deliver concrete solutions to scale-up long-term finance and investment in sustainable development, including the SDGs. It publishes a common definition of Sustainable Development Investing (SDI) to align investment portfolios with sustainable development objectives.
	GISD Sector-Specific Metric Report	The GISD has developed a set of sector-specific metrics to better measure the impact of companies on sustainable development, and also enable investors to incorporate this in their investment decisions.

LEADING ORGANISATIONS	RESOURCES (LINK INCLUDED)	DESCRIPTION
	REPORTING	
GRI (Global Reporting Initiative)	GRI Standards	A flexible, modular framework to help various stakeholders (including investors, policymakers, capital markets, and civil society) understand and report on their impacts on the economy, environment, and society, in a comparable and credible way.
	BENCHMARKING DATA, INDEX, AND RATING PROVIDERS	
B Lab	B-Corp Certification	B-Corp Certification is designated to businesses assessed, based on the standards above, to demonstrate high social and environmental performance, who have made a legal commitment by changing their corporate governance structure to be accountable to all stakeholders, and exhibit transparency.
World Benchmarking Alliance (WBA)	WBA Benchmarks	A publicly available series of benchmarks (e.g., social, food and agriculture, and climate and energy) that assesses 2,000 of the world's most influential companies, ranking and measuring them on their contribution and performance towards the SDGs.
	OTHER RESOURCES	
United Nations Development Programme (UNDP)	SDG Investor Maps and SDG Investor Platform	Data and insights into Investment Opportunity Areas (IOAs) that are aligned to a country's SDG needs and policy priorities, presented via an online platform to investors and governments for decision-making.
Global Impact Investing Network (GIIN)	GIIN training programme	Coursework to help investors build applied skills to attract and manage capital.
Impact Management Project (IMP)	IMP Resources and Examples	Reports, case studies, and templates for impact measurement.

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CIIP Centre for Impact Investing and Practices

ABOUT THE CENTRE FOR IMPACT INVESTING AND PRACTICES (CIIP)

The Centre for Impact Investing and Practices ("CIIP") fosters the growth of impact investing and practices in Asia and beyond by building and sharing knowledge, bringing together stakeholders in the community, and bringing about positive action that accelerates the adoption of impact investing. Based in Singapore, CIIP was established in 2022 as a non-profit centre by Temasek Trust, a steward of philanthropic endowments and gifts. Temasek and ABC Impact are our strategic partners.

To achieve a sustainable future for all mankind, the world needs companies that can drive positive changes at scale through products and services. Impact investing can spur the growth of such companies and help advance solutions to address the challenges that the world faces today. We believe that sustainable companies are those who pursue social and environmental impact as avidly as they pursue profits and shareholder value. By striving to generate positive and measurable social and environmental returns alongside a financial return, both impact investors and companies can achieve returns with purpose.

We are SDG Impact's anchor partner for Asia. SDG Impact is the United Nations Development Programme initiative tasked to develop resources that accelerate investments towards achieving the United Nations Sustainable Development Goals by 2030.

For more information, please visit
www.ciip.com.sg

SINGAPORE MANAGEMENT UNIVERSITY

ABOUT SINGAPORE MANAGEMENT UNIVERSITY (SMU)

Established in 2000, Singapore Management University (SMU) is recognised for its disciplinary and multi-disciplinary research that address issues of global relevance, impacting business, government, and society. Its distinctive education, incorporating innovative experiential learning, aims to nurture global citizens, entrepreneurs and change agents. With more than 12,000 students, SMU offers a wide range of bachelors, masters and PhD degree programmes in the disciplinary areas associated with six of its seven schools - Accountancy, Business, Economics, Computing, Law and Social Sciences. Its seventh school, the SMU College of Integrative Studies, offers a bachelor's degree programme in deep, integrative interdisciplinary education. SMU also offers a growing number of executive development and continuing education programmes. Through its city campus, SMU focuses on making meaningful impact on Singapore and beyond through its partnerships with industry, policy makers and academic institutions.

For more information, please visit
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