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Philea
Philanthropy Europe Association

PHENIX
CAPITAL

evpa
INVESTING FOR IMPACT



Investing your Foundation Endowment for Impact – What's next?

Wednesday 11 October 2023

On today's e-talk

Welcome & introductions

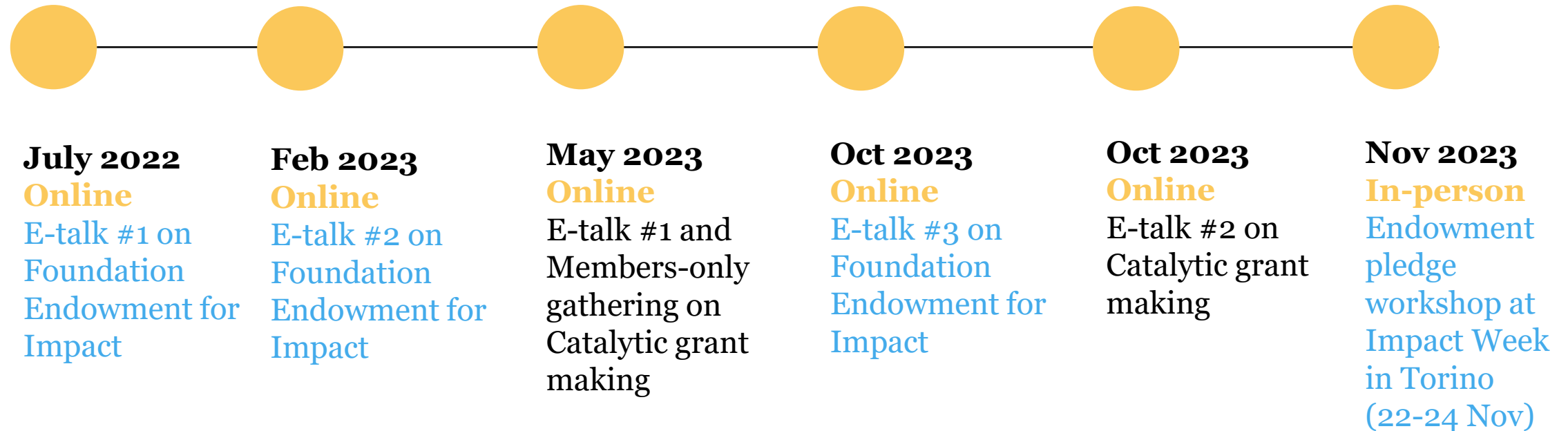
Panel Discussion

Q&A with audience

Closing remarks

Two years of impact at EVPA

A mix of online and offline occasions to meet, learn and exchange with your peers. An opportunity to go beyond traditional grant-making – to accelerate and maximise impact.



Years of collaboration

Not new!

From 2019:

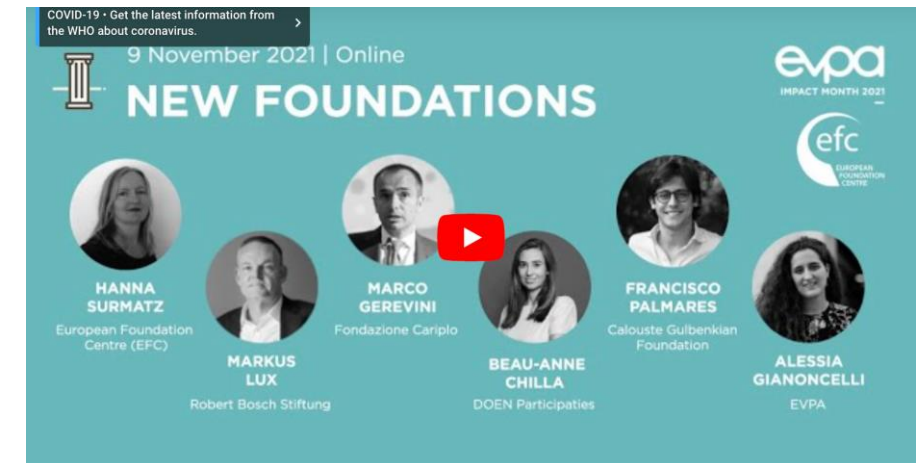
- EVPA Philea joint Working Group – Foundations Along the Spectrum of Capital

Cross Pollination at each other's events:

- Phenix Impact Summit March
- Philea Forum May



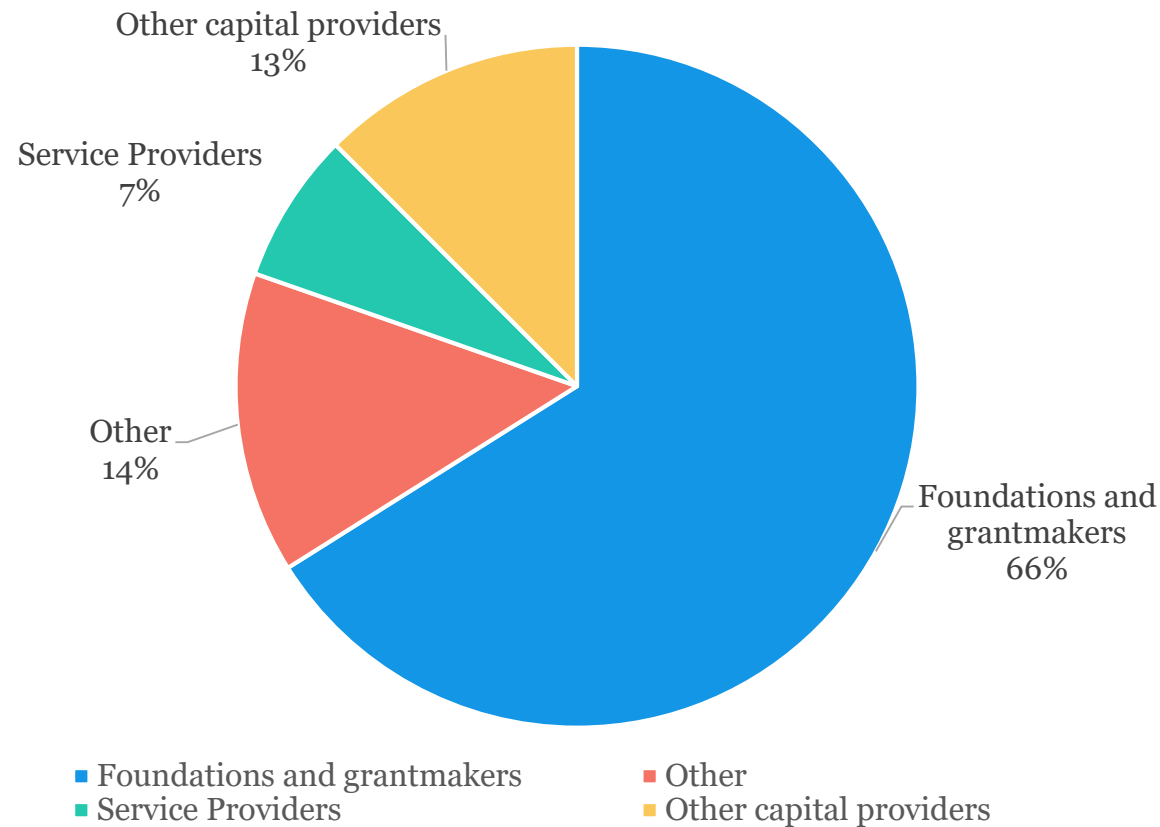
2020 – EVPA session at Phenix event



2021 – Session with Philea at EVPA conference

Who's in the room?

Types of organisations represented



N= 56

*Source: Registration form
(as of 10.10.23)*

Our speakers



**Chiara
Borneman**

*Director Impact
Investing*



**Hanna
Hanses**

Policy Manager



**Peter
Cafferkey**

*Philanthropy/
Foundations Mark.
Dev. Lead*



**Alessia
Gianoncelli**

*Director of Knowledge
and Programs*



slido

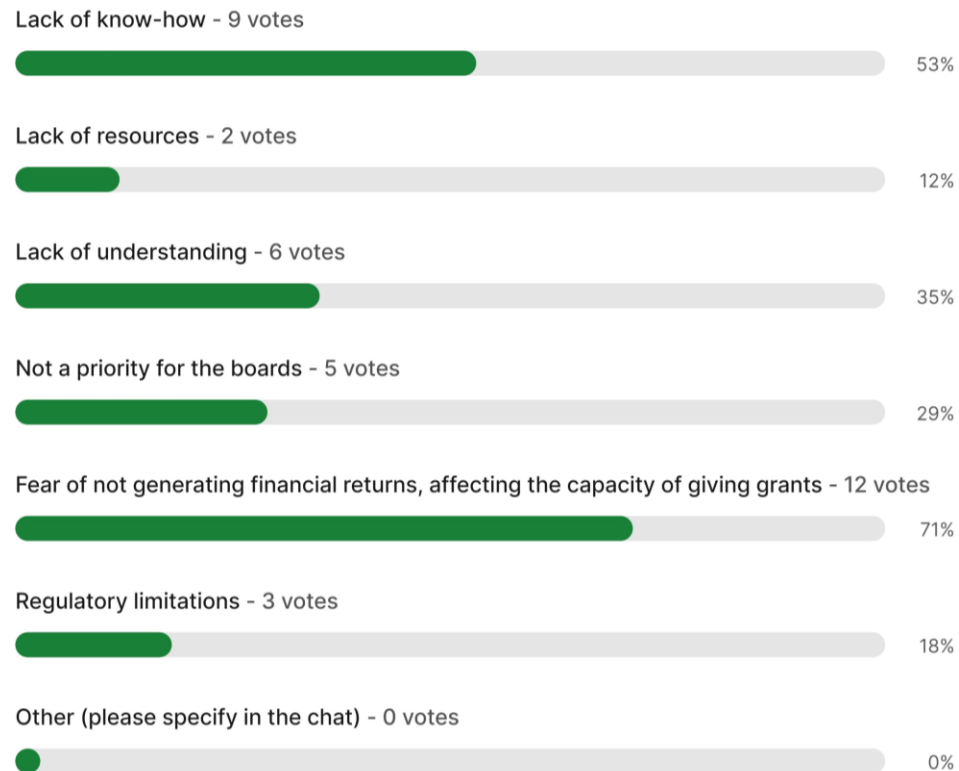


In your country, what are the challenges hindering foundations from investing endowment responsibly / with social purposes or from doing any Mission-Related Investment (MRI)?

① Start presenting to display the poll results on this slide.

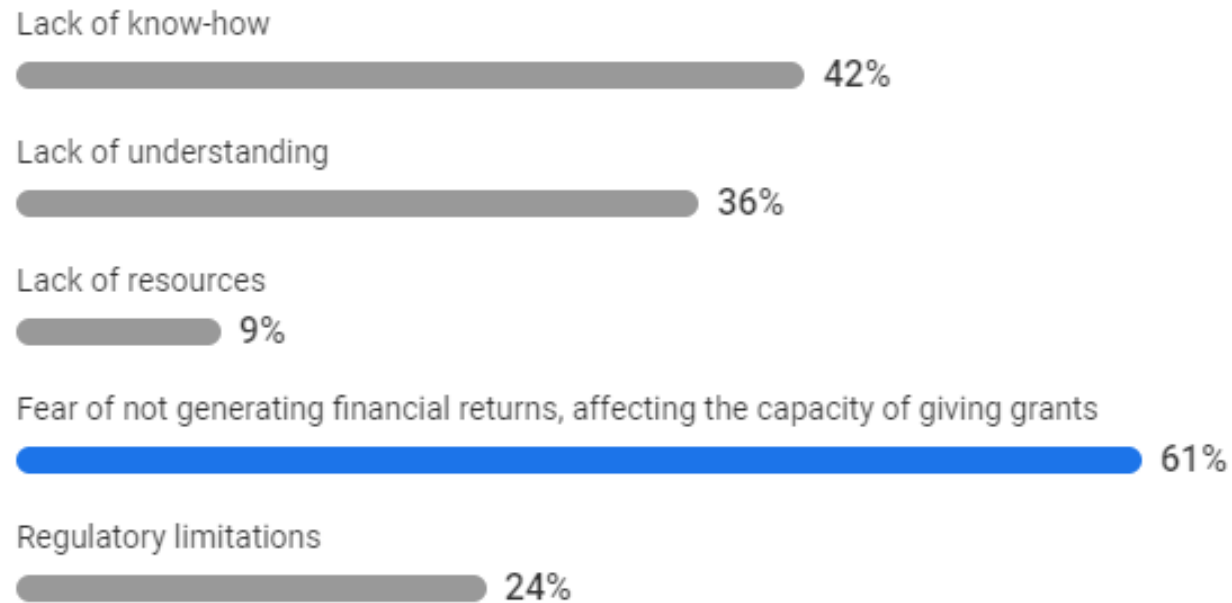
Results of the poll

In your country, what are the challenges hindering foundations from investing endowment responsibly / with social purposes or from doing any Mission-Related Investment (MRI)?



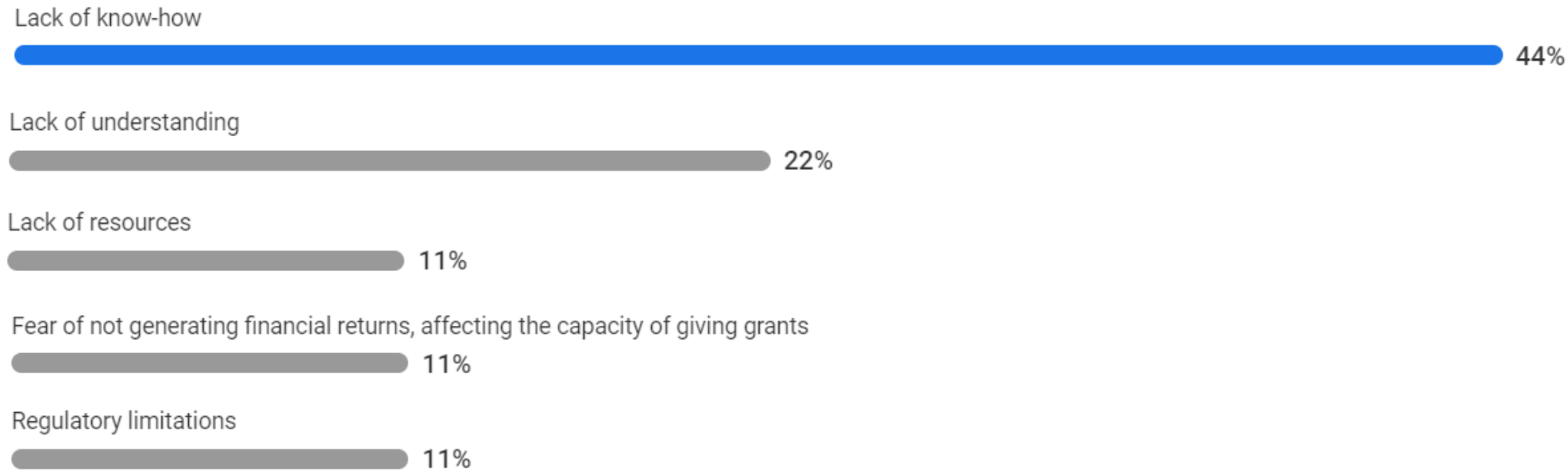
Results of the poll in Feb 2023

In your country, what are the challenges hindering foundations from investing endowment responsibly / with social purposes or from doing any Mission-Related Investment (MRI)?

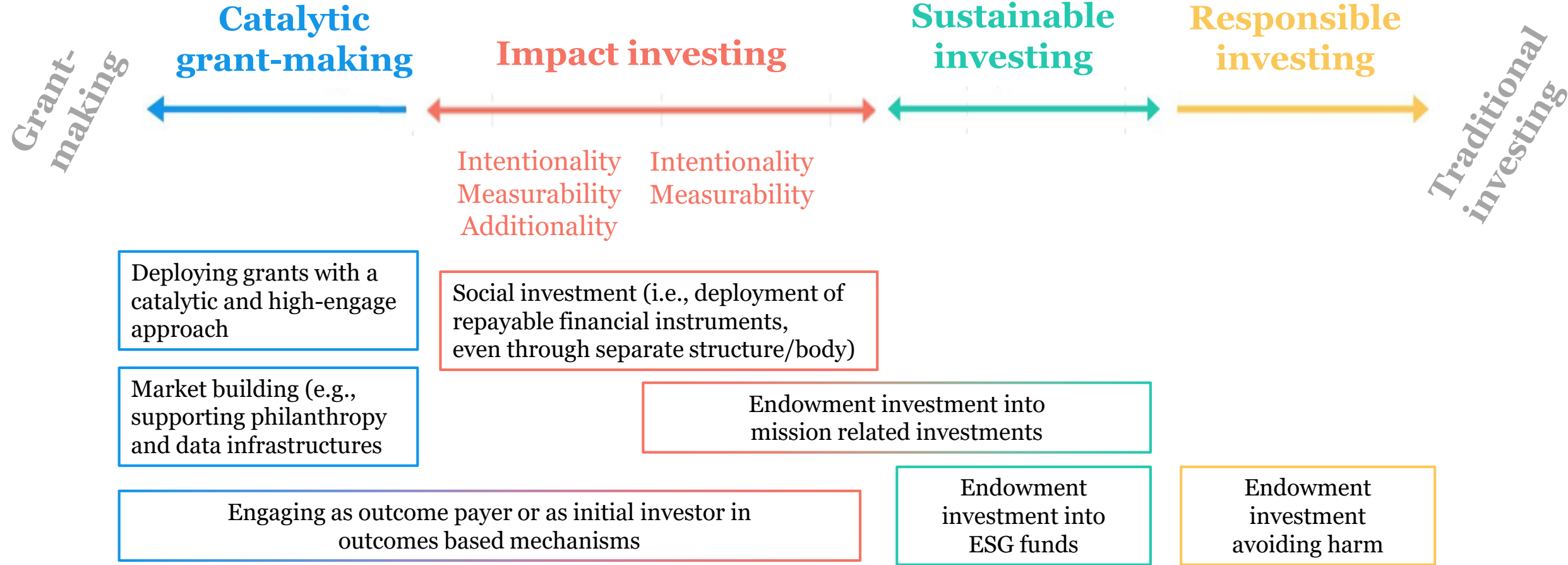


Results of the poll in Jul 2022

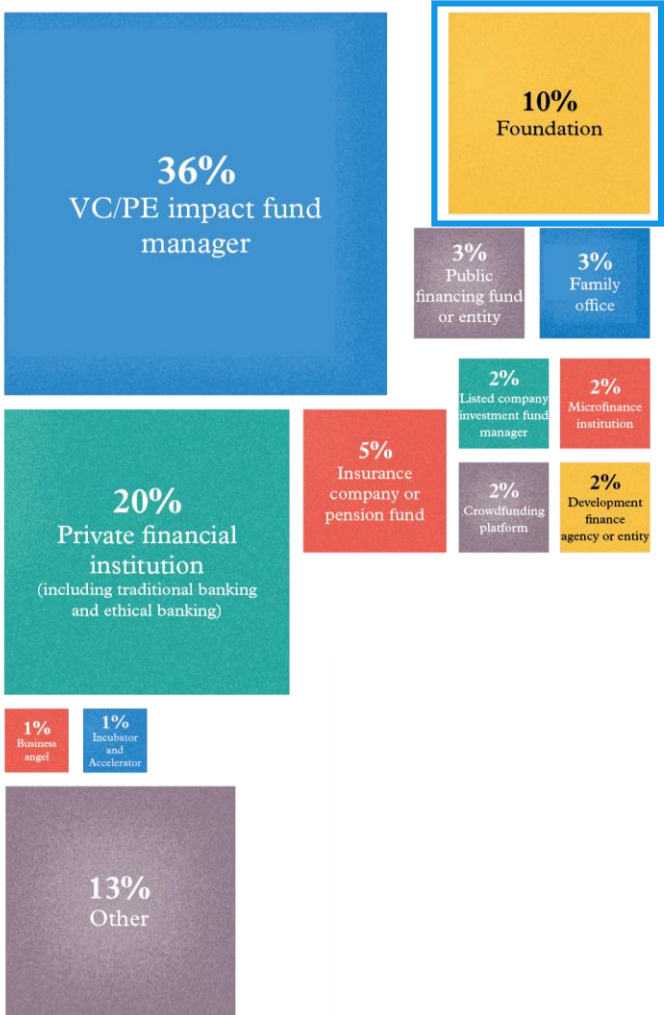
In your country, what are the challenges hindering foundations from investing endowment responsibly / with social purposes or from doing any Mission-Related Investment (MRI)?



Foundations along the spectrum



Foundations using repayable FIs



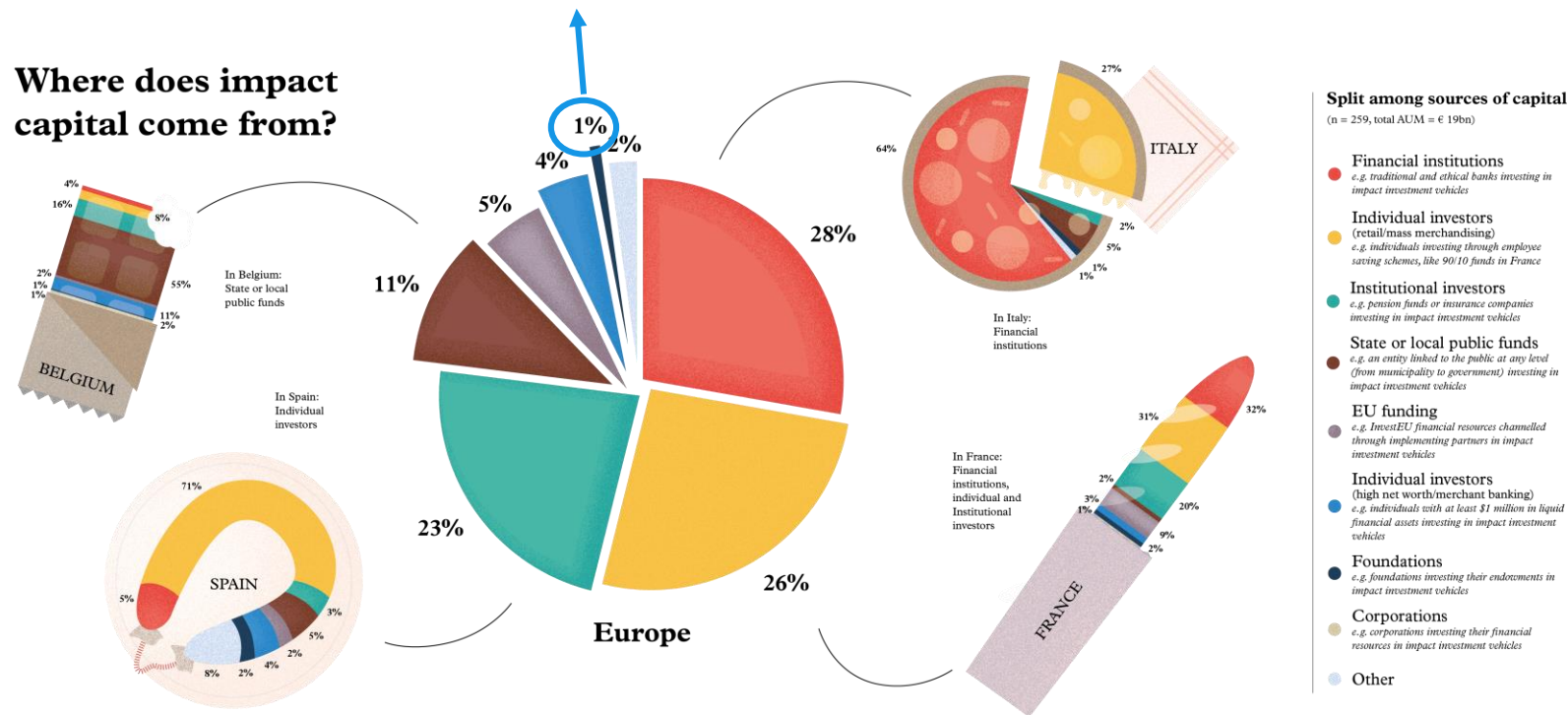
Foundations represent 10% of the European impact investors

Source: Gaggiotti, G., and Gianoncelli, A., (2022), "Accelerating Impact - Main takeaways from the first harmonised European impact investment market sizing exercise". EVPA

Foundations indirectly investing for impact

Only 1% of funding available for European impact investors comes from foundations

Where does impact capital come from?



Split among sources of capital
(n = 259, total AUM = € 19bn)

- **Financial institutions**
e.g. traditional and ethical banks investing in impact investment vehicles
- **Individual investors**
(retail/mass merchandising)
e.g. individuals investing through employee saving schemes, like 90/10 funds in France
- **Institutional investors**
e.g. pension funds or insurance companies investing in impact investment vehicles
- **State or local public funds**
e.g. an entity linked to the public at any level (from municipality to government) investing in impact investment vehicles
- **EU funding**
e.g. InvestEU financial resources channelled through implementing partners in impact investment vehicles
- **Individual investors**
(high net worth/merchant banking)
e.g. individuals with at least \$1 million in liquid financial assets investing in impact investment vehicles
- **Foundations**
e.g. foundations investing their endowments in impact investment vehicles
- **Corporations**
e.g. corporations investing their financial resources in impact investment vehicles
- **Other**

Source: Gaggiotti, G., and Gianoncelli, A., (2022), "Accelerating Impact - Main takeaways from the first harmonised European impact investment market sizing exercise". EVPA

Philea

Philanthropy Europe Association



**...voice
of European
Philanthropy**



**Harness the immense multidimensional potential
of European philanthropy**

Six activity clusters



Our enable work & team

We work towards **an enabling operating environment** for European philanthropy by monitoring and analysing policy and regulatory trends at national, European, and international level, and engaging around this agenda with policymakers and other stakeholders.

We position **philanthropy as a key actor on societal issues** and facilitate **strategic engagement** and collaboration opportunities with EU institutions and other multilateral organisations.

- **Hanna Surmatz**, Head of Policy
- **Hanna Hanses**, Policy Manager
- **Lucia Plantamura**, Legal and Policy Officer



Our Legal Affairs Committee (LAC)

The LAC, in numbers:

- **32** members
- **25** countries
- **23** National Associations representatives
- **9** Foundation representatives

Co-chair:



Isabel Peñalosa
Spanish
Association of
Foundations (AEF)

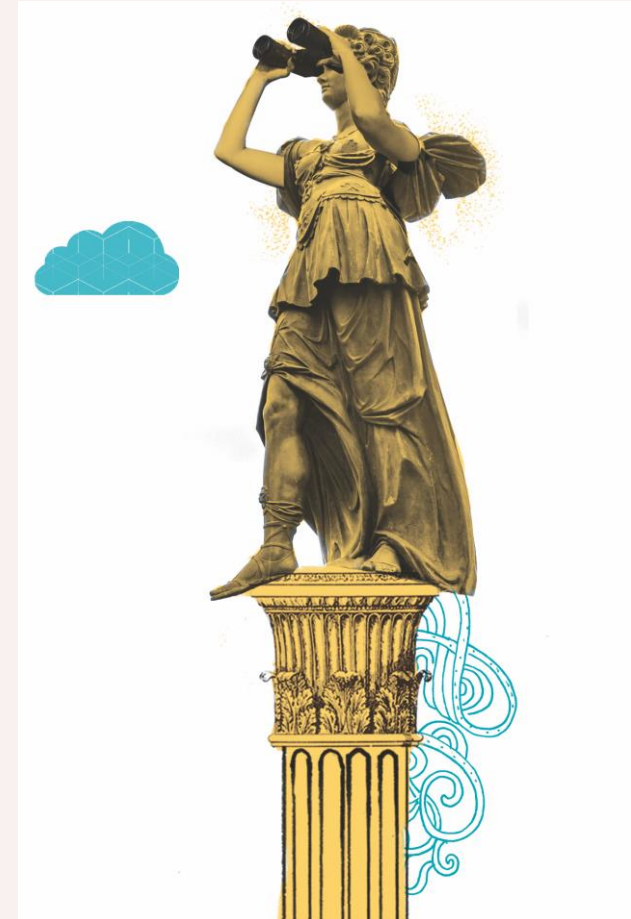


Ludwig Forrest
King Baudouin
Foundation



1. Monitoring, analysis and expertise

- European weekly monitoring
- Quarterly newsletter on EU and national legal issues
- National mapping and monitoring
- Country profiles and Comparative highlights
- Engage with academics and contribute to the discourse (ERNOP/ISTR)



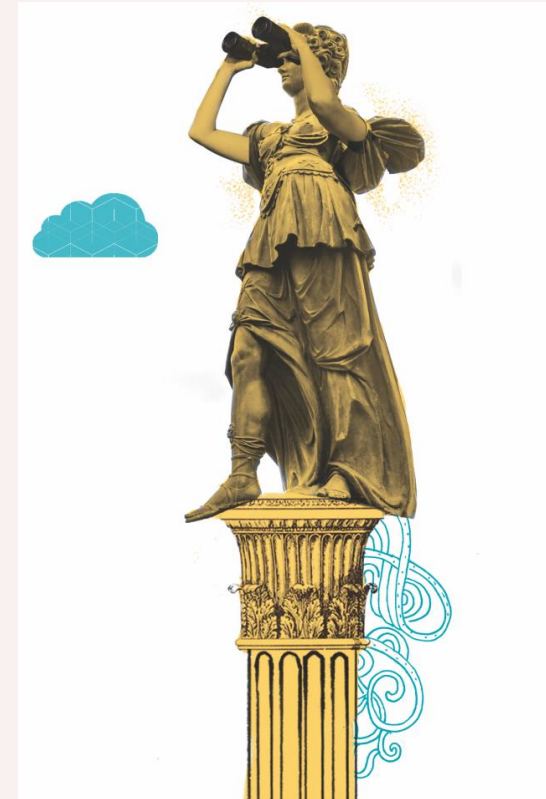
Mapping laws & regulations: 2021 edition of Comparative Highlights of Foundation Laws

- 2021 comparative highlights of foundation laws
- **Methodology developed** by an Advisory Committee of academic experts
- **2022 European briefing of Lilly School Philanthropy Index** and Comparative Highlights findings
- **2023 collection of case studies** of barriers to cross-border



Key findings include:

- Laws are failing to keep up with the **constant evolution of philanthropy's toolbox** of actions
- Some **countries have become more flexible** when it comes to requirements for foundations' capital
- **External supervision** versus **self-regulation and/or codes of conduct**
- **Overregulation** seems to be an issue
- **Barriers** for cross-border philanthropy

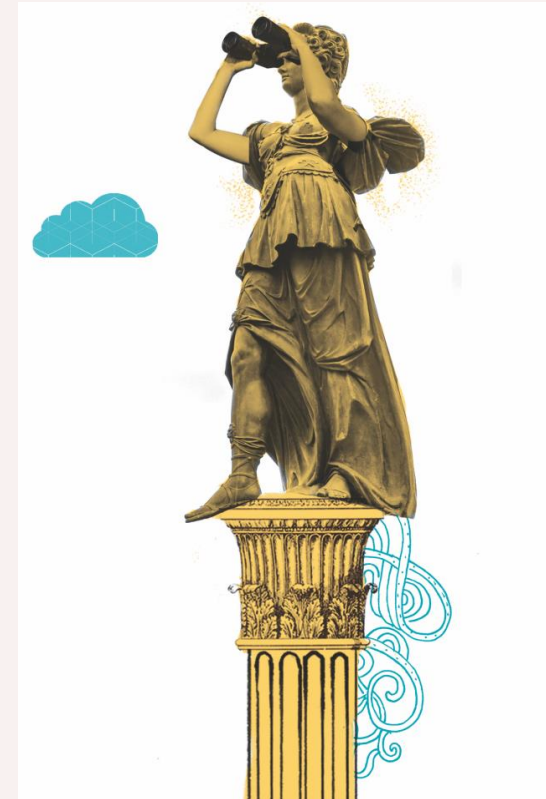


Foundations and impact investing:

1. Endowments

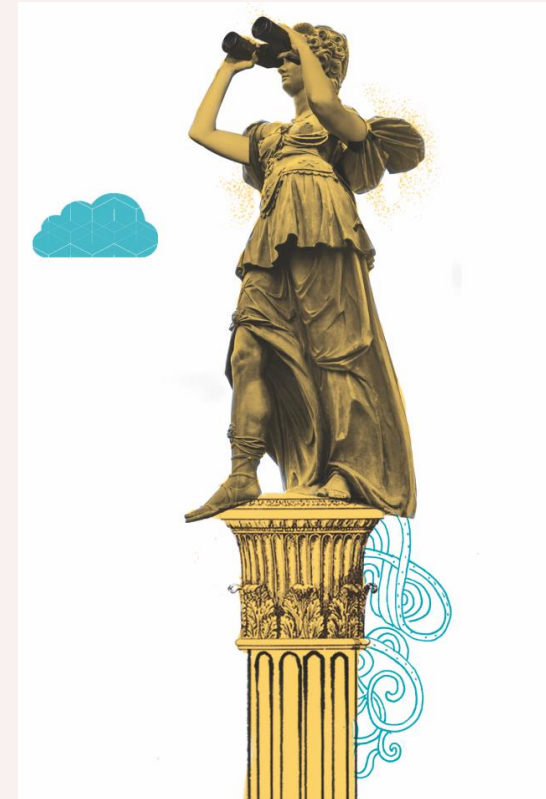
2. Grantmaking/programmes

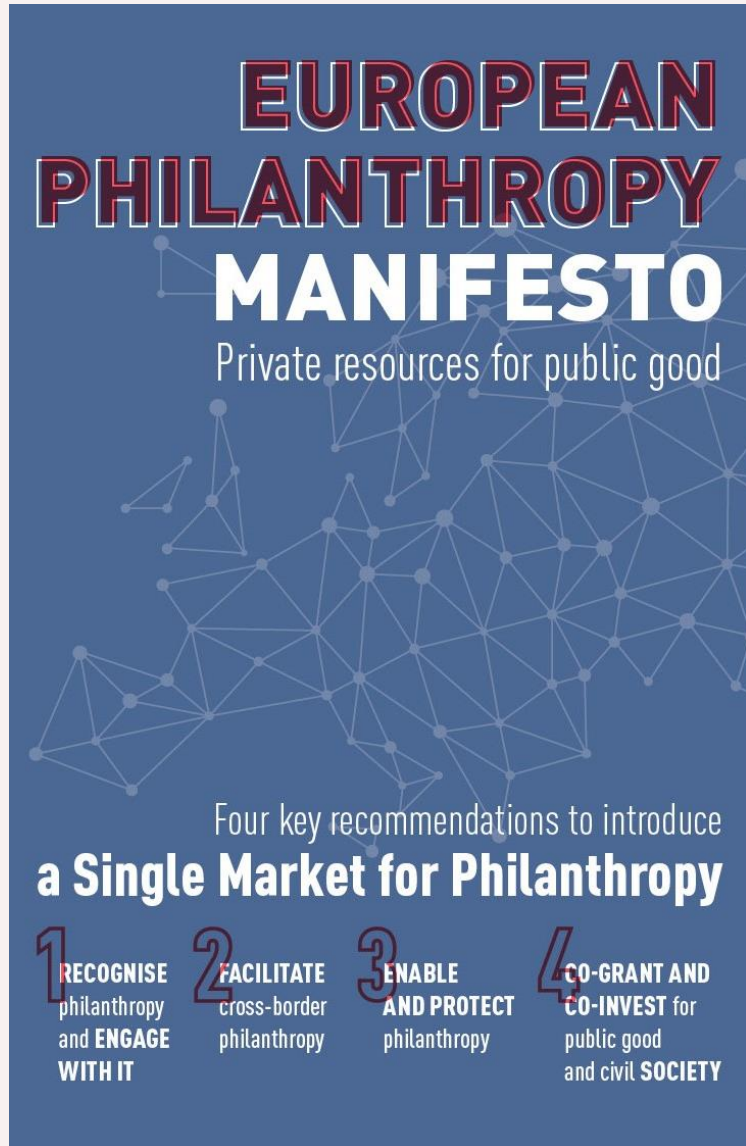
3. Thought leaders



Foundations and impact investing: barriers and legal uncertainty

1. National laws require a preservation of the value of the endowment
2. National laws do not allow giving of loans
3. Legal frameworks are missing
4. The foundations' statutes may suggest a certain risk appetite





Unleash the full potential of the philanthropic sector. A Manifesto with 4 Key recommendations:

Recognise and engage with philanthropy

Facilitate cross-border philanthropy

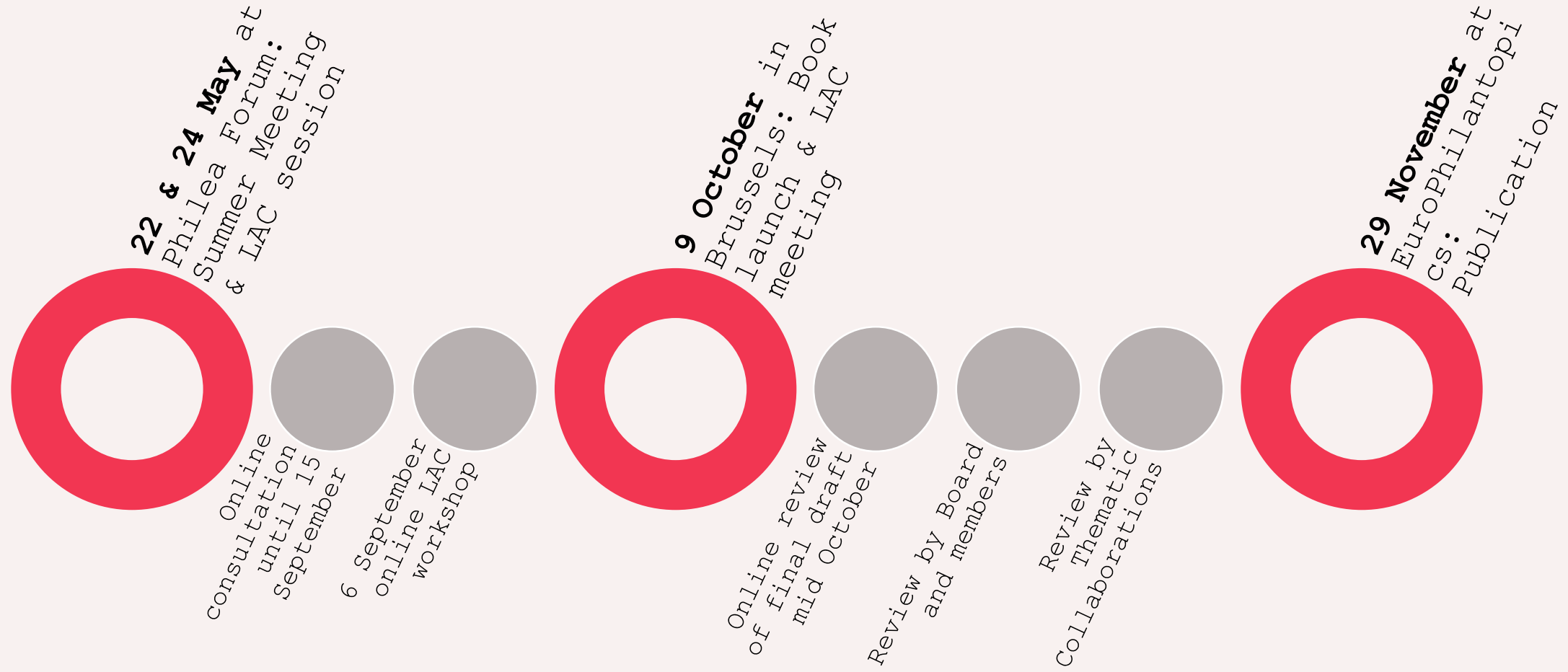
Enable and protect philanthropy

Co-grant and co-invest for public good and civil society

While clearly endorsing and supporting wider civil society and social economy asks with partners!



Timeline 2023: Co-creating the updated Manifesto



Published in December 2021 - three priority areas



Framework conditions

- Policy and legal frameworks
- State aid
- Public procurement
- Local, regional and international levels



Opening up opportunities

- Business support and capacity building
- Access to funding
- Green and digital transitions
- Social innovation



Recognition and awareness raising

- Communication
- Data

DEFINING THE SOCIAL ECONOMY

2023: Key issues for the enabling environment & collaboration opportunities

- **October 9 Council Recommendation on Social Economy** | Ease barriers to cross-border philanthropy and work towards an enabling environment including call to Member States to ease procedures around cross-border philanthropy taxation
- **Co-investment facility for philanthropy**
- **Good capital study and events on MRI and Invest EU**



Looking ahead: collaboration between EVPA and Philea

- Previous joint Full Spectrum of Capital peer group
- In the pipeline
 - publication of a joint briefing paper and case study collection
 - peer exchanges on impact investing in December
 - developing the co-investment facility for foundations
 - ...



Thank you!

Hanna Hanses

hanna.hanses@philea.eu

Philea

Philanthropy Europe Association





**Investing your Foundation Endowment for
Impact –**

What's next? | EVPA

11 OCTOBER 2023

**PHENIX CAPITAL IS A
LEADING
INVESTMENT CONSULTANT
EXCLUSIVELY FOCUSED ON
IMPACT INVESTING**



OUR VISION

We envision a world in which institutional capital helps to end poverty, protect the planet & ensure prosperity for all.



OUR MISSION

Our mission is to enable institutional investments that realise financial, social and environmental returns.



WHAT WE DO

IMPACT INVESTING SOLUTIONS

- Impact Mandates Design
- Impact Fund Selection
- Impact Measurement and Management frameworks

IMPACT INVESTING INTELLIGENCE

- Publications and Market Trends
- Investors data and insights
- Impact Investing Events Globally

UNIVERSE CONSTRUCTION CRITERIA

“Investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.”
(Global Impact Investing Network)

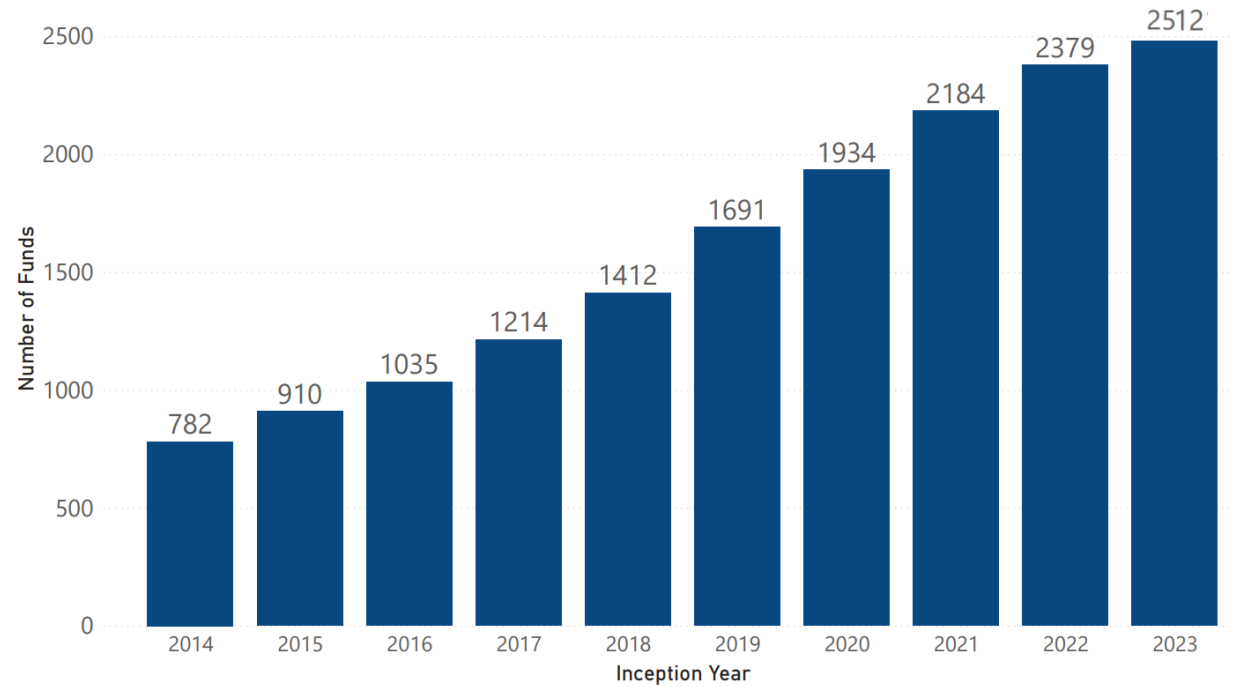


APPROACH	TRADITIONAL INVESTMENTS	RESPONSIBLE INVESTMENTS			IMPACT INVESTMENTS		PHILANTHROPY
		FINANCIAL ONLY	NEGATIVE SCREENING	ESG INTEGRATION	FINANCIAL-FIRST	IMPACT-FIRST	
FOCUS	FINANCIAL ONLY	NEGATIVE SCREENING	ESG INTEGRATION	FINANCIAL-FIRST	IMPACT-FIRST	IMPACT ONLY	
FINANCIAL GOALS	Target competitive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

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

**STEADY
GROWTH OF
THE IMPACT
FUND
OFFERING**

**NUMBER OF IMPACT FUNDS MONITORED BY INCEPTION
YEAR**



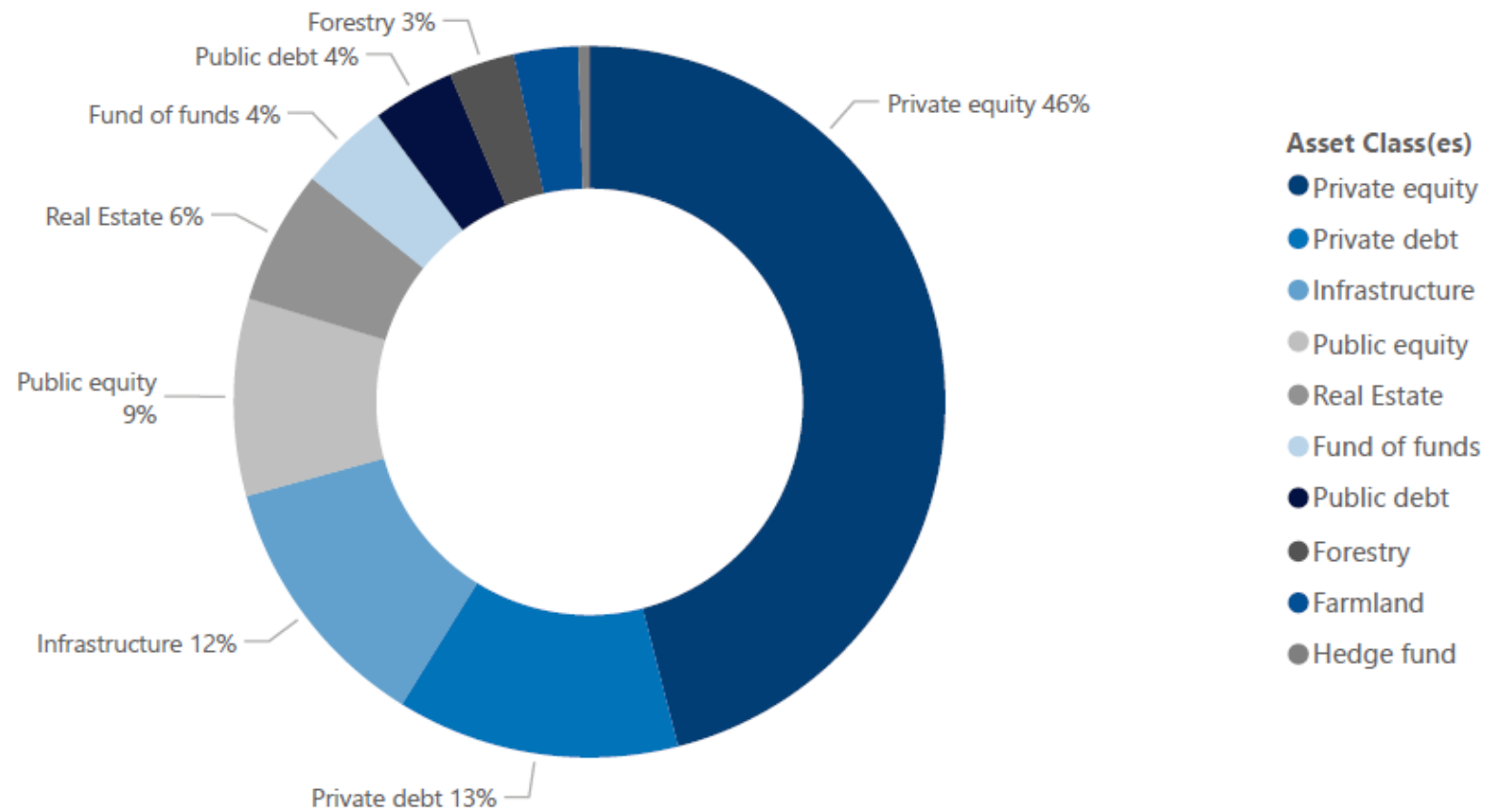
2500+
IMPACT FUNDS

1050+
FUND MANAGERS

\$680b
TOTAL AUM OF
THESE FUNDS

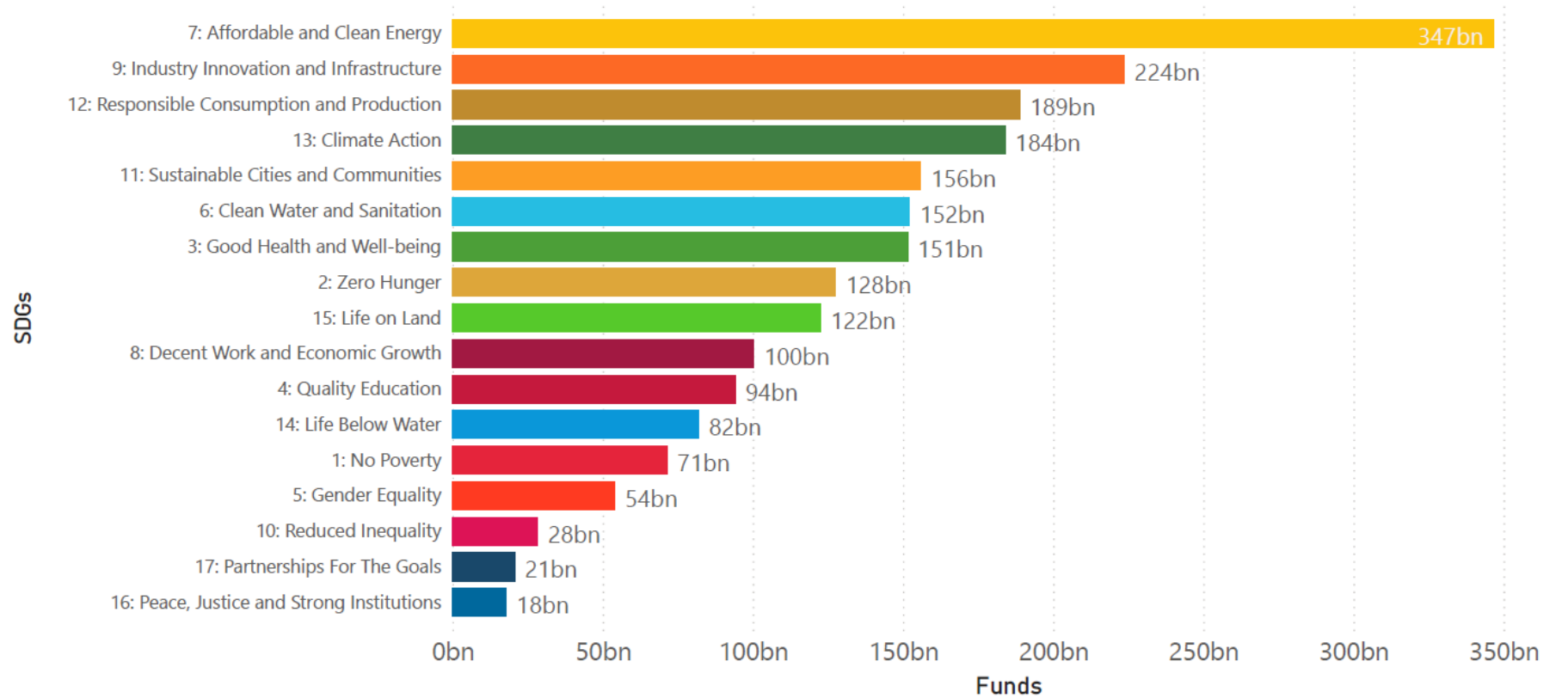
**SOLUTIONS
ACROSS
PRIVATE AND
PUBLIC ASSET
CLASSES**

IMPACT FUNDS BY ASSET CLASS



**ENVIRONMENTAL SDGs
RECEIVE LARGEST
ALLOCATIONS**

IMPACT FUNDS BY AUM (EUR) AND SDGs

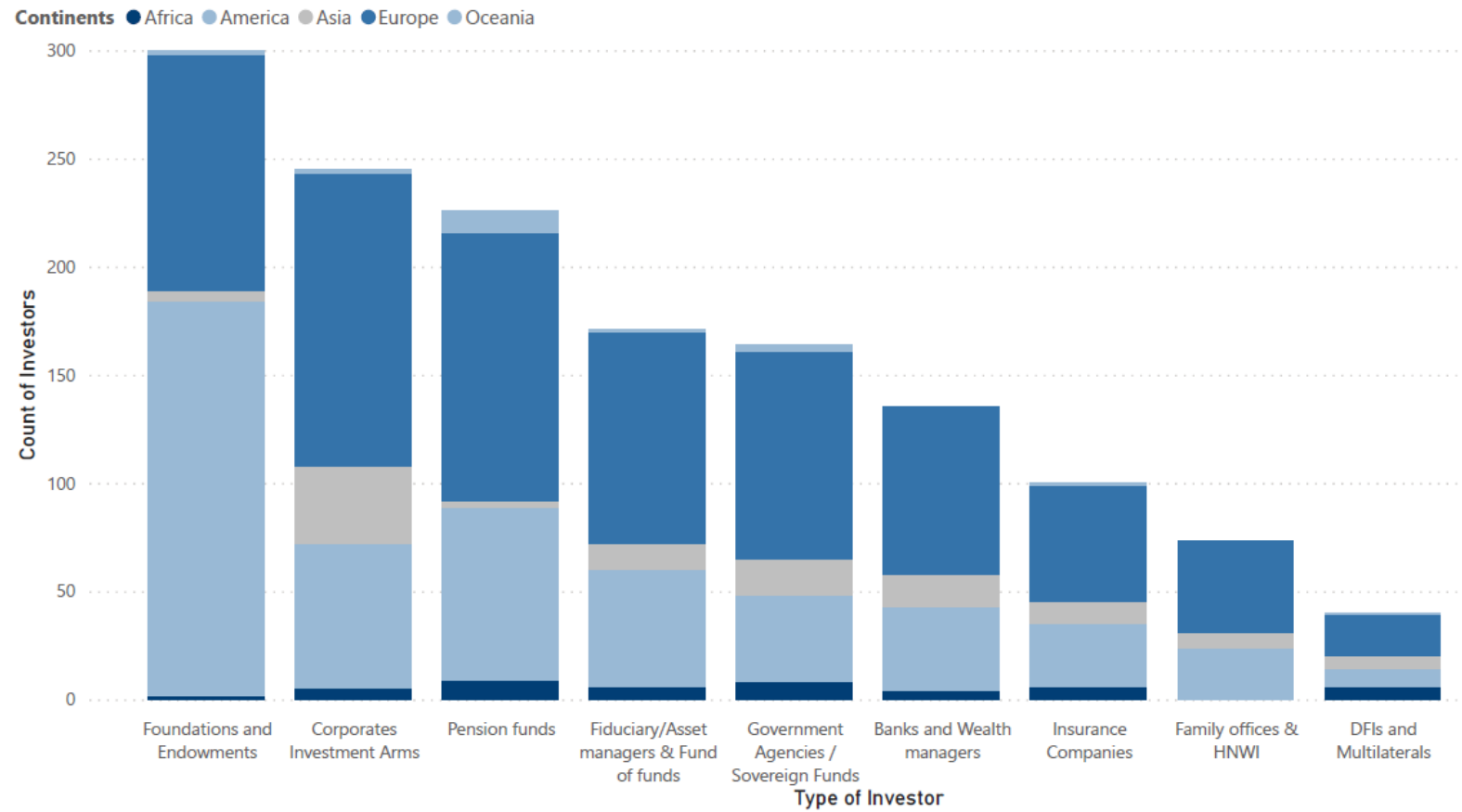


An aerial photograph of a dense, lush green forest. A dirt path or road winds through the trees, starting from the top left and curving towards the bottom right. The sunlight filters through the canopy, creating a mix of bright green and darker green tones. The overall scene is vibrant and natural.

WHO IS INVESTING IN IMPACT?

**FOUNDATIONS AND
ENDOWMENTS ARE
LEADING THE WAY,
MAINLY IN NORTH
AMERICA**

INVESTORS IN IMPACT FUNDS BY TYPE AND CONTINENT

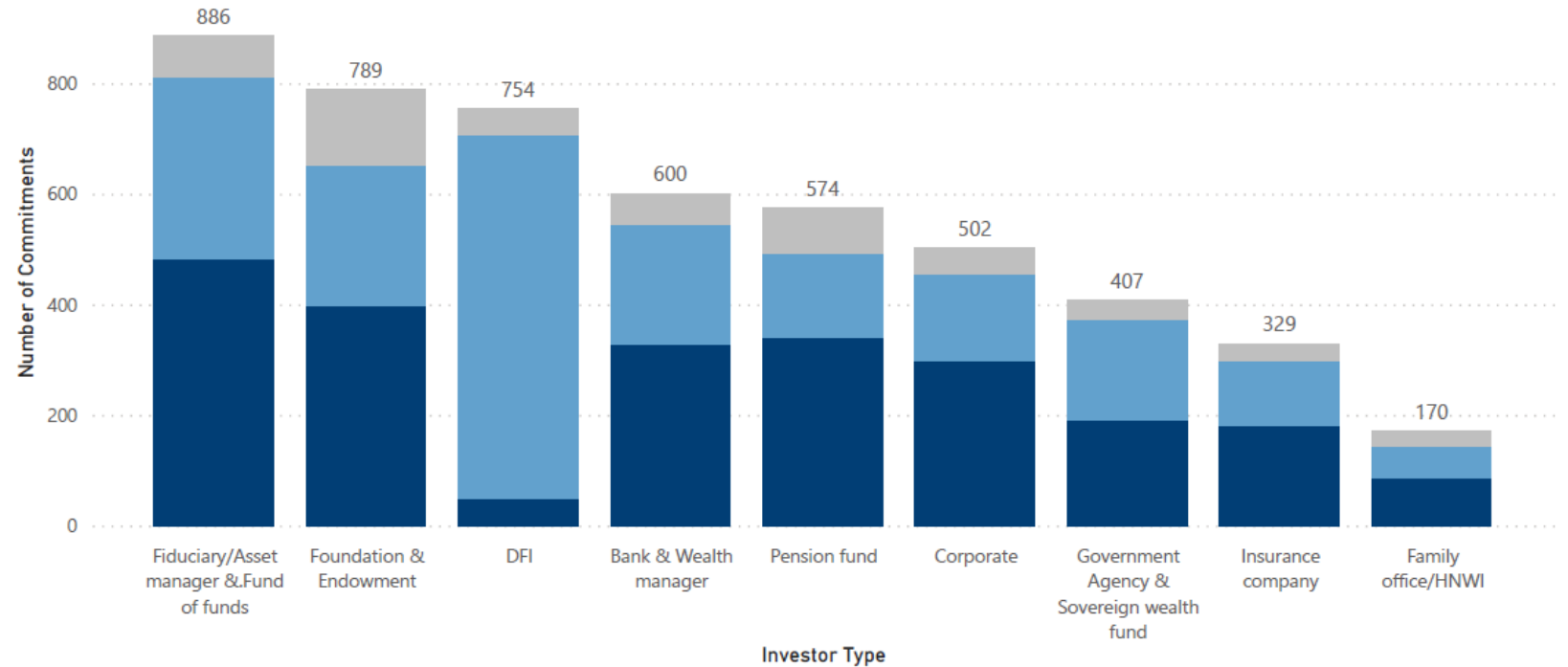


WITH EXCEPTION OF DFIs, ALL INVESTORS HAVE LARGER IMPACT ALLOCATIONS IN DEVELOPED COUNTRIES.

FUND COMMITMENTS BY TYPE OF INVESTOR AND MARKET

Count of Commitment Key by Type and Markets

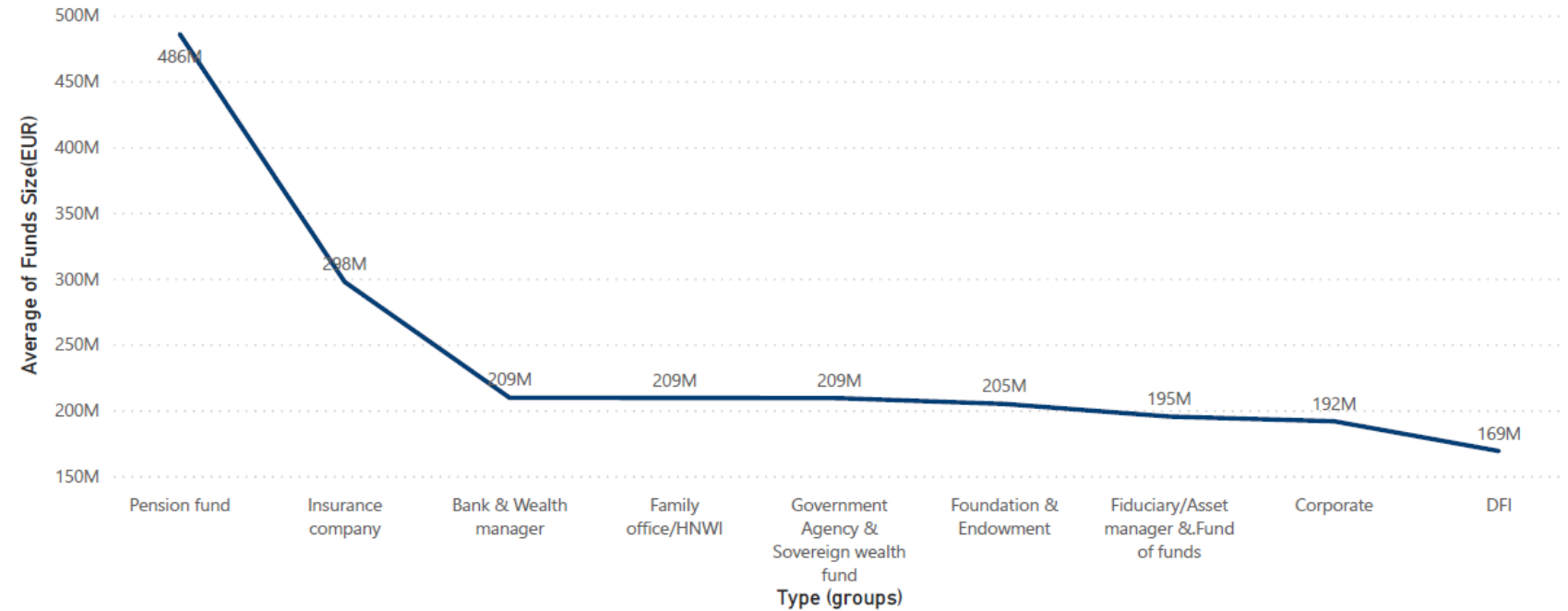
Markets ● Developed Markets ● Emerging Markets ● Global



**FUND SIZE CONSTRAINTS
VARIES PER TYPE OF
INVESTOR**

AVERAGE SIZE OF FUND SIZES BY INVESTOR TYPE

Breakdown of Fund Sizes by Investor Type (EUR)



WE HAVE MAPPED ALLOCATIONS TO IMPACT FUNDS FOR 13 OUT OF THE 20 LARGEST PENSION FUNDS IN EUROPE, WITHIN THE CONSTRAINTS OF THEIR FIDUCIARY DUTY

PENSION FUNDS IN EUROPE

- [Investor_s-Perspective-PGGM-Mapping-a-portfolio-by-its-effects-on-people-and-planet.pdf \(impactfrontiers.org\)](#) “Fiduciary obligations make PGGM a ‘pensions first’ asset manager. However, with a long-term investment horizon, it has some leeway to target specific SDGs (i.e. under-invested solutions for not yet-financial megatrends). With AUM exceeding €200 billion and an ambitious goal of committing €20 billion to “Investments in Solutions” by 2020, PGGM relies on public markets (listed equities and bonds) and larger transactions in private markets (notably infrastructure, real estate and private equity)”
- [APG moves into SDG-focused private credit as interest in development finance grows | Impact Investor \(impact-investor.com\)](#) “We are not an impact investor, but this shows we can contribute to the SDGs if it comes at an attractive return.”

	Pension fund/entity	Country	Assets (€'000)	As at
	1 Norway Government Pension Fund Global	Norway	944,683,000	30/06/19
☑	2 ABP	Netherlands	442,000,000	30/06/19
☑	3 Pensioenfonds Zorg en Welzijn (PFZW)	Netherlands	225,200,000	30/06/19
☑	4 Arbejdsmarkedets Tillaegspension (ATP)	Denmark	137,198,000	30/06/19
☑	5 Alecta Pensionsförsäkring	Sweden	85,000,000	16/07/19
	6 Bayerische Versorgungskammer (BVK)	Germany	84,533,000	16/07/19
☑	7 Sjunde AP-fonden (AP7)	Sweden	80,148,700	31/12/18
☑	8 Pensioenfonds Metaal en Techniek (PMT)	Netherlands	78,369,054	31/03/19
☑	9 Universities Superannuation Scheme Ltd.	UK	78,213,000	30/06/19
☑	10 PFA Pension	Denmark	77,100,100	31/12/18
	11 Danica Pension	Denmark	75,788,200	31/12/18
☑	12 Kommunal Landspensjonskasse (KLP)	Norway	67,680,300	31/12/18
	13 BT Group plc	UK	62,028,179	31/03/19
☑	14 BPF Bouwnijverheid (bpfBOUW)	Netherlands	61,801,809	31/03/19
	15 Agirc-Arrco	France	60,596,000	31/12/18
	16 AMF	Sweden	60,559,500	31/03/19
☑	17 Royal Bank of Scotland Group (RBS)	UK	52,959,600	15/07/19
☑	18 Pensioenfonds van de Metalektro (PME)	Netherlands	50,307,528	31/03/19
	19 Keva	Finland	50,129,000	31/12/18
☑	20 Lloyds Banking Group	UK	49,538,600	30/06/19

[IPE Top 1000: Europe's biggest pension funds](#)

GETTING STARTED: PENSION FUNDS' APPROACH

Discuss ambition, consider involving stakeholders



Make “a case for impact” to formally approve commitment



Formulate an impact statement and structures you will pursue



Approach selection and portfolio construction with impact integration

- 1) The board selected SDGs/themes in which it **wanted to have a positive impact**, (this is often connected with their beneficiary’s profession). They were contemplating in which asset class or structure they should have set up an impact mandate. They thought impact had to be done in private markets, but their entire asset base was invested in public markets.
- 2) We prepared for the pension an overview of the universe of funds in their target SDGs, across asset classes, in private and public markets. We discussed advantages and disadvantages of each, ultimately making the **case for impact**.
- 3) Once aware of the available solutions in the market, and how impact can be approached in various ways, the Board made the decision to start an impact mandate in the asset class they were most familiar with, public equity, with the ambition to move into other asset classes once they gain more experience in impact investing. **They started with 1% of their AUM**. They also created their own **Impact Investment Statement & Theory of Change**.
- 4) Based on a session were we established more granular criteria: e.g. HQ of the managers, minimum size etc. we derived an **investable universe** and a longlist, based on impact characteristics. A shortlist was based on **impact due diligence** and the final decision making on additional criteria important for the pension, for example considerations on cost and operational set up.

WHO IS GETTING STARTED NEXT?

THANK YOU!

Phenix Capital Group

Overschiestraat 63, 1062 XD Amsterdam, The Netherlands

+31 20 240 2731 | info@phenixcapitalgroup.com www.phenixcapitalgroup.com



Q&A

Closing moment

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How easy is it for you to find information about others investing their endowment for impact - how transparent is this area?

① Start presenting to display the poll results on this slide.

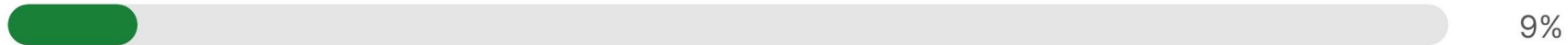
Results of the poll

How easy is it for you to find information about others investing their endowment for impact - how transparent is this area?

It is very easy for me - [very transparent] - 0 votes



It is possible - [transparent] - 1 vote



It is a challenge, I struggle - [could be more transparent] - 7 votes



Very difficult, I rarely do! - [not at all transparent] - 3 votes



The time for action is now

Join us for the interactive workshop
**« Moving endowments for
impact – a time for a pledge? »**
at EVPA Impact Week on Friday 24
November 2023 at 9:30-10:45 in
Torino

Impact Week
22-24 November
Torino

<https://www.impactweek.eu/torino>



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If we were to do a pledge, in your opinion how do we ensure it translates to action?

① Start presenting to display the poll results on this slide.

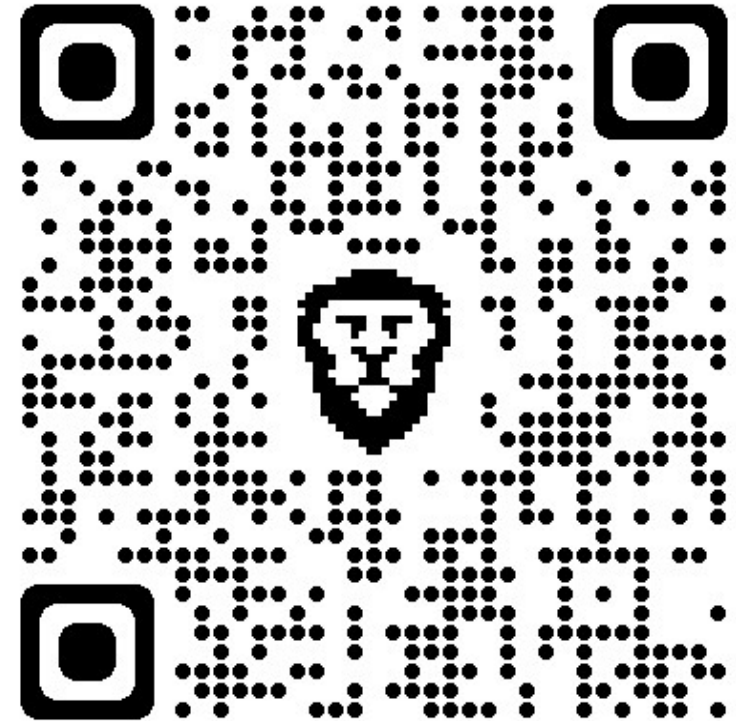
Results of the poll

If we were to do a pledge, in your opinion how do we ensure it translates to action?



Your inputs are valuable to us!

Share your feedback in the evaluation survey:



Thank you!

SPEAKERS:



SUPPORTER:



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the European Union**

**Any questions?
Get in touch with us!**



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Alessia Gianoncelli
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