

Masterclass

A guide for foundations new to impact investing

# Impact Investing

## A Handbook for Foundations

In partnership with



Presented by



# About the handbook

- **Who it is for**  
A guide for philanthropic funders and foundations that deploy funding either from their sponsors or from an endowment
- **Why it matters**  
For all philanthropic funders that want to explore how they can move beyond grant funding to catalyse and enhance impact
- **What it offers**  
Best practice principles and practical examples
- **How it evolves**  
A living guide designed to grow and adapt over time

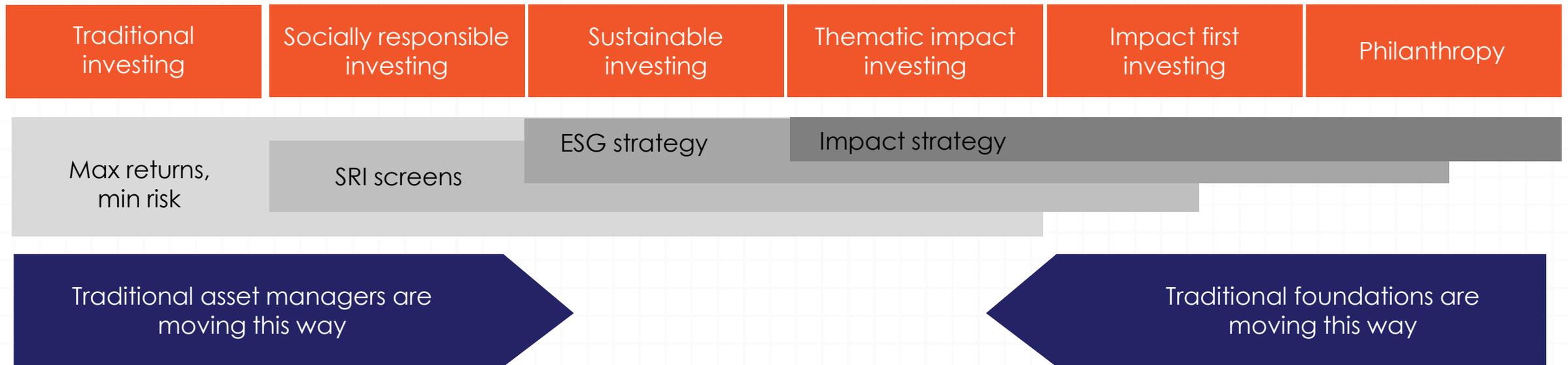


Find it here ▼



# — The spectrum of capital

As traditional investors realise the importance of the social and environmental consequences of their investments, they are moving towards investment strategies that are in tandem with the issues that philanthropy typically works on. At the same time, philanthropies are becoming more conscious of the usefulness of investing to deliver on their missions. This creates the opportunity for collaboration.



# — Two ways to start your journey

## Programme-Related Investing (PRI)

Add investment tools to your existing programmes

**Grants:** Social returns only

**Investments:** Financial returns only

**Result:** Two separate worlds, but converging

Start small, learn, scale

Aim to reach 20% of budget

## Mission-Related Investing (MRI)

Align your endowment with your mission

**Investment:** Social AND financial returns

**Goal:** Measurable impact alongside financial return

**Result:** Worlds converging

Typical start: 5% of endowment

Could be significantly higher

# — Creating your Investment Policy Statement

The investment policy statement (IPS) is a document that codifies your impact investing strategy and guides implementation

## Key components

1. Impact objectives and priorities
2. Asset allocation guidelines
3. Investment decision criteria
4. Risk tolerance parameters
5. Reporting requirements
6. Governance structures

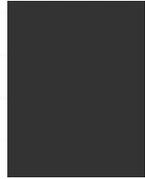
## Stakeholder tool

Provides guidance to asset managers and service providers

## Living document

Your IPS should evolve as you gain experience and circumstances change

# — The spectrum of impact categories



## **Non-impact**

Traditional investing focused on profit maximisation, with no explicit consideration of social or environmental factors.

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## **Responsible / SRI**

Excludes holdings that conflict with values or standards; may also include limited, proactive social or environmental elements.

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## **Sustainable / ESG**

Integrates E, S and G factors into core decisions to capture opportunities (eg engagement, innovation, new markets) with positive societal benefits.

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## **Thematic**

Targets specific impact themes (eg clean energy, water) where social and environmental benefits are built into the investment thesis; may accept (but not always) below-market returns to achieve outcomes.