

THE 6th WORKING-LEVEL MEETING WAS HELD.

The sixth working-level meeting of the Impact-driven Financing Initiative was held on Monday, 24 April, 2023. 80 participants attended the meeting.

At the meeting, following the introduction of new signatories, the mid-term plan, changes to the Declaration, the eligibility of supporting organisations, presentation of working group activities, seminar results and plans, and future activities were reported and discussed.



1. Introduction of new signatories

The five new signatories since the last working-level meeting shared their activities and expectations for the platform.

[New signatories]

BIG Impact Inc (signed on 1 March), Sumitomo Mitsui Banking Corporation (as of 1 March), ARUN Seed (as of 1 March), Credit Saison Co.,Ltd. (as of 1 April), Shinkin Central Bank (as of 1 April).

[Expectations]

Expectations for the platform include: to gather knowledge on impact and improve practice; to learn about methods and techniques for measuring impact and outcomes; to share information on impact investment, gender investment and cooperative finance movements abroad and communicate those new ways of investing and new ways of financing are changing the world; to contribute to research on how to achieve impact from a regional finance perspective through collaboration with Kyoto Shinkin and Tajima Shinkin, which are leading organisations in this field; and to improve our knowledge on how to conduct impact evaluations.

2. Mid-term plan and the amendments of the Declaration

At this meeting, following the previous working-level meeting, the development of the mid-term plan was discussed. As there were many new organisations participating, the Secretariat first explained the background to date and then the overall strategy, as well as the draft mid-term plan that had been discussed at the Steering Committee meeting.

[Overall strategy of the mid-term plan]

The following three general strategies were discussed at the Steering Committee: 1) the strategy to increase the number of signatory organisations, 2) the concept of mutual benefit and public interest, and 3) cooperation with other platforms. (See document P13)

[Draft of the mid-term plan]

The Steering Committee divided the mid-term plan into seven plans following intensive discussion among signatories and debates in the Steering Committee. (See document P14)

[Structural changes]

The IMM working group and the overseas cooperation working group will be placed in the 'Planning Team,' which falls directly under the Steering Committee to make the results of their activities available to the whole platform. It is also proposed to create a new 'Self-Sufficient Project' and an 'Annual Executive Leadership Team' under the Steering Committee. (See document P15)

[Amendments of the Declaration]

Although talent development has become an important and common issue to all signatory organisations, it was pointed out that talent development is not mentioned in the existing Declaration; based on the discussion, a proposal was made to amend the Declaration by adding Article 5 to the Declaration. (See document P16)

3. Discussion

Based on the explanations above, the participants discussed 'how to structure and content the mid-term plan', 'how to change the organisational structure', 'whether the Declaration should be amended'.

Opinions on the amendments to the Declaration:

- ✓ We agree with the amendment to the Declaration as talent development will be at the core; however, if the Declaration is revised, the amendment will have to be broad in terms of governance, as it is based on the signature of the corporate representatives.
- ✓ As 'W7' has been proposed at the G7, and gender is an important aspect in impact investment, we would like to ask the opinions of the signatories.
 - We believe that gender is very important framework, and the Social Indicators working group has been striving to understand and capture the commitment and the social value to the region, but we are also trying to find a framework to capture the impact broadly, not just the impact that falls under "Social".
- ✓ In order to follow the Article 1 of the Declaration, talent development is inevitably required; so, what difference does the addition of the new Article 5 make? Also, should the Article be added, requirements for financial institutions, as well as expectations for them in two to three years, need to be organized.
 - Certainly, the Article 1 can be interpreted as it encompasses the Article 5; however, by clearly adding the wording of "talent development," it could highlight its importance.
 - It is significant to add the Article 5 separately from Article 1 based on the perspective to increase the number of impact-oriented professionals in the financial industry as a whole in coordination.
- ✓ Is it challenging to achieve both adequate profitability and creation of impact? Hasn't there been an environment in which if a financial institution does not create impact, it would not be needed by society, which means it would not be able to generate profit?
- ✓ The term 'impact talent' is easy to understand for those who are practicing impact investing already; however, is the term 'impact talent' easy to understand for the general public?
- ✓ Is it challenging to achieve both adequate profitability and creation of impact? Hasn't there been an environment in which if a financial institution does not create impact, it would not be needed by society, which means it would not be able to generate profit?

Opinions on the changes in organisational structure:

- ✓ With regards to the executive leadership team, we believe some organisations have entrusted staff members with the promotion of impact investing, and they are active within their respective financial institutions.

Opinions on the structure and content of the mid-term plan:

- ✓ The plan reflects the discussions and opinions to date. Each item is important, but considering the specific logistics, it would be better to take a balanced approach and consider the allocation of human capital.
- ✓ Will we carry out the evaluation at the end of 2023? Will we create and implement a plan that covers until 2025? It would be better to have a consensus.
 - We have not been able to discuss this topic yet. However, we are considering reviewing the plan during the creation of an annual “progress report” or monthly discussions at the Steering Committee.
- ✓ We have not yet been able to discuss what exactly we are going to do with regards to the mid-term plan (3) on talent development; however, it is possible to develop talent and stimulate organizations by sharing initiatives and organizing a joint training or workshops to share ideas.

Other comments:

- ✓ As an organization grows, it becomes more difficult to manage. Therefore, it may be necessary to have a governance structure. It is especially crucial to have a clear governance structure.
- ✓ While there has been a lot of discussion in the steering committee, the working-level meetings are held once a quarter, so I think there is a gap. The link between the steering committee and the working-level meetings needs to be addressed.
- ✓ We also need to consider whether the mechanism of working-level meetings will really work when the number of signatory organisations reaches 100-200.
- ✓ When it comes to proposing changes (not limited to talent development) to the Declaration, what would be the first step? (e.g. do we need to bring them up during a working-level meeting or working group? do we need to discuss with the Secretariat? Is there a review cycle?)
 - There are no specific rules at the moment. The process of approval to implementation has not been decided, and we have considered referring to the ratification process of international treaties.

4. The eligibility of supporting organisations

The interest of non-financial institutions, such as service providers, has been expressed, and as the participation of such institutions is also meaningful to financial institutions, two options for participation were proposed: 1) participation as a (newly established) for-profit quota of endorsing institutions, and 2) participation as a signatory institution.

Opinions on the eligibility of supporting organisations:

- ✓ When considering the second option, it should be made clear what kind of organisations would be accepted to participate. For example, if a company or policy authority wants to participate, would they get accepted unconditionally? The PRI only accepts the service providers that support financial institutions.
- ✓ Assuming a commitment to the Declaration text, it is difficult to say that the non-financial industry can meet the Declaration. Therefore, it would be smoother to have discussions among supporting organisations rather than signatory organisations.
- ✓ It is necessary to define what an endorsing organisation is in the first place (as well as the difference between a signatory and a supporting organisation).

5. Reports from working groups

The chairpersons and vice chairpersons of each working group reported on their activities.

[Regional finance working group]

- ✓ Held a joint seminar in March with the Principles for Financial Action for the 21st Century; at the February meeting, the four quadrants of impact finance and the three-tier structure of positive impact finance were discussed; in April, the mid-term plan and future activities were discussed.

[Social Indicators Working Group]

- ✓ In order to deepen the discussion on what indicators should be used to implement social values, ideas will be integrated with insights from various practitioners, including those who are trying to catalogue, index, and clarify causality.
- ✓ Commons will be invited to speak at the meeting in May.

[IMM working group]

- ✓ In making the transition from a working group to a planning team as a horizontal function, discussions have been held since the working-level meeting in January. The working group will also continue to carry out joint activities with the overseas cooperation working group.

[Overseas cooperation working group]

- ✓ An event was held with Diane from OPIM as a guest. We will continue to work on ways to make it more accessible to our many members overseas .
- ✓ We are planning another event for May-July and hope you will actively participate.

[VC working group]

- ✓ The first focus is to work on improving the working-level knowledge of the working group members so that they can put impact investing into practice. In February and March, the working group held meetings in a peer-learning format to exchange views and share information.
- ✓ In April, the IMM working group and the overseas cooperation working group collaborated to organise a study session on the IMPACT VC PLAYBOOK; another event is planned for May-July, inviting people who run IMPACT VC to attend.
- ✓ Collaboration with the regional finance working group and with the Impact Startup Association is also being explored.

[AO/AM working group]

- ✓ A conference is planned for 22 May, where a panel discussion will be held to disseminate actual impact investment initiatives. A global conference is also planned for 21 July, organised by the Future Design by Science and Finance (FDSF).

6. Seminars/events held and planned

- ✓ PRI in Person will be held in Tokyo in October and we are considering how to participate as the Impact-Driven Financing Initiative.
- ✓ Major international conferences include the GSG Summit in Spain in October and the GIIN Investor Forum in Copenhagen. Signatory organisations interested in participating are asked to contact the Secretariat and the overseas cooperation working group.

7. Upcoming plans and Secretariat updates

- ✓ The Secretariat is approaching securities firms as part of its activities to expand the number of signatory organisations.
- ✓ The Secretariat plans to develop a mailing list and website
- ✓ Next working-level meeting will be held in July.

Reference: 第6回ワーキングレベル会合資料 (Japanese only)

End.