INVESTING FOR GLOBAL IMPACT
A POWER FOR GOOD
2022

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Residential district Bosco Verticale (Vertical Forest) in Milan, Italy.

FOREWORD

Dear reader,

The global challenges we've faced over recent years highlight the importance of a healthy, functioning, and sustainable planet. The *Investing for Global Impact* report, now in its 9th edition, shows that private wealth-holders are keen to play their role to help address these urgent issues.

Foremost, they continue to adopt sustainable and impact investing as a new approach in this effort. Currently, on average, 32% of these investor portfolios are allocated to impact investments. However, in five years, this average is expected to reach 50%. Moreover, nearly 4 in 10 respondents expect between 80% to 100% of their portfolios to be in impact investments by that time.

Additionally, investors are becoming more eager to generate positive outcomes through impact investing rather than simply de-risking their portfolios by using ESG considerations. As such, we see a stronger willingness to act around systemic issues, such as preventing a climate breakdown. The vast majority of the respondents (84%) believe that private capital will be essential to address climate change, alongside action from governments, charities, and corporations.

Again this year, we surveyed impact investors, philanthropists, and traditional investors to provide a breadth of views. Additionally, six case studies / roundtables on topical themes, such as regenerative food systems, intergenerational philanthropy, and social enterprises operating in conflict zones, brings this community's efforts to life with inspiring stories and thoughtful reflections.

We very much hope the report is useful for experienced impact investors and philanthropists, as well as those seeking to begin their journey. To meet the scale of challenges we face, we need a holistic approach encompassing governments, businesses, investors, philanthropists, and families working together to create a better, more sustainable future for all.

With that said, a warm thanks to everyone who participated in this research.

We hope you enjoy the read –

Dominic Samuelson
Chief Executive Officer
Campden Wealth

Gamil de Chadarevian
Founder
GIST Initiatives

Damian Payiatakis
Head of Sustainable & Impact Investing
Barclays Private Bank

EXECUTIVE SUMMARY

Investing for Global Impact: A Power for Good 2022 uses a mixed-methods research design that analyses data from quantitative survey responses, qualitative interviews, and in-depth case studies to generate an integrated body of knowledge about the different facets of sustainable and impact investing. The survey includes the views of 149 individuals, families, family offices, and foundations on their attitudes towards and activity within sustainable / impact investing and philanthropy. It also provides six in-depth case studies about key topics in the field.

This combination of both the mixed-method research design and the recognition that the same respondent may use multiple approaches to generate impact makes this research unique.

Impact investing is a young but maturing investment approach

Seventy-eight percent of impact investors surveyed believe that the industry has progressed beyond infancy. While 18% believe that it is 'ready to take off', the majority (54%) think it is now growing steadily (**figure 5.1., p. 45**). Amongst existing impact investors, 37% are active with multiple impact investments across asset classes or causes. Further, 21% consider impact investing to be their primary portfolio approach, illustrating that the market can cater to more advanced portfolio construction (**figure 2.1., p. 15**).

Impact investors are satisfied with their returns

For 80% of respondents, 2021 financial returns on impact investments met or exceeded expectations. And for those who adopted impact investing as their primary investment approach, this rises to 85% (**figure 4.2., p. 37**). Looking ahead, five years from now, respondents also expect their impact investments to either outperform (37%) or generate financial returns at the same level as (44%) traditional investments (**figure 4.5., p. 39**). Accordingly, most impact investors (80%) conclude that one does not have to give up returns when engaging in impact (**figure 4.1., p. 37**).

Even traditional investors see climate change and ESG factors relevant to their portfolios

When making investment decisions, 72% of traditional investors now say that they incorporate ESG factors into their investment processes (**figure 2.6., p. 19**). This compares with 60% from 2021, a significant increase in a single year. Additionally, 76% of traditional investors say that climate change already influences their investment decisions (**figure 6.1., p. 61**). The Slow Food International case study shows how our food systems can be affected by climate change (**p.21**).

Investors believe private capital is essential to address climate change

A vast majority of respondents (84%) believe that private capital will be essential to address climate change alongside action from government, charities, and corporations. This conviction holds true for investors from around the world. Over half of respondents (59%) would like to align their portfolios with the Paris Agreement goal to limit global warming to at least 2 degrees Celsius. Going further, 61% claim to be willing to sacrifice some financial return if their investments helped to prevent a climate breakdown (**figure 6.6., p. 63**). The case study on the Norstar Group illustrates how one family is adapting their shipping business due to climate change (**p. 32**).

In five years, the average portfolio allocation to impact investing is expected to rise to 50%

Investors already active in impact allocated, on average, 32% of their portfolios to impact investing in 2021. Currently, 29% have committed more than half their portfolios to impact. In five years' time, average portfolio allocations are projected to rise to 50%, reflecting a rising commitment among impact investors (**figure 2.7., p. 20**).

Unlike most studies which focus only on impact investing, ESG, philanthropy or traditional investing, this report appreciates that individuals / entities increasingly consider and use their wealth holistically across a multiple of these dimensions at the same time. Additionally, we survey respondents who are not yet involved in impact investing or philanthropy, to understand their perspectives and the hurdles they need to overcome to engage them in these activities. Our intent is to map the current status of the ecosystem and to trace possible future evolutions and challenges as well as to identify the barriers / enablers for growth from the perspective of those actively involved and those active in traditional investing only. Some of the key findings include:

Impact investors expect to allocate more to food / agriculture, healthcare, and clean water

Active impact investors most commonly have investments in quality education (59%), health and well-being (55%), and climate action (59%) (**figure 3.3., p. 29**). Over the next five years, they expect the largest increases to be in food and agriculture (67%), healthcare (67%), and clean water (59%). Impact investors are most likely to decrease their investments in housing (16%), financial services (11%), and manufacturing (17%) (**figure 3.4., p. 30**). Health and well-being is a core topic in our roundtable on graceful ageing in which experts discuss quality of life for the elderly (**p. 77**). Our case study on the power of theatre with Nicholas Allott further explores investment opportunities in arts and culture (**p. 58**). The case study on Slow Food International highlights how sustainable food systems and agriculture are essential to building a regenerative economy (**p. 21**).

Concerns over greenwashing are intensifying

A vast majority of respondents (75%) report that they are concerned about making an investment that is greenwashed (**figure 5.7., p. 50**). Since last year, the intensity of these concerns has risen. In the prior report, 46% were strongly concerned about making a greenwashed investment. This year, 52% are strongly concerned. Furthermore, 48% of respondents rank impact / greenwashing as the space's top challenge over the next five years (**figure 5.5., p. 49**). Impact expert Carola Carazzone shares advice on how to avoid greenwashing on **page 86.**

Investors are using multiple approaches to create a positive impact

To achieve their desired financial and impact aims, the respondents surveyed use multiple investment approaches. Nearly all investors active in impact (95%) are investing responsibly (i.e. integrating ESG considerations). A vast majority of respondents (84%) pursue an ethical investing approach across at least some of their investments. In the category of impact investments, all impact investors surveyed (100%) pursue a 'finance first' approach for at least some of their investments, while 86% report holding 'impact first' investments (**figure 3.1., p. 27**).

Uniting families through impact investing and philanthropy

The vast majority of those surveyed (83%) believe that involving the next generation in philanthropy will prepare them to take on greater family responsibility. Similarly, 80% would agree that engagement in impact investing will do the same. Over half of respondents (53%) think that impact investing is creating a bridge between older and younger generations (**figure 7.2., p. 74**). A deeper exploration of the topic of inter-generational learning is included in the case study with philanthropist and investor Steven Hirth (**p. 42**).

Investors are seeking better services from wealth advisers

Looking ahead, wealth advisers will need to improve their impact investing services, as few respondents (11%) said no improvements were needed. Key areas for improvement include impact measurement and reporting (60%), more impact-specific investment strategies (40%), and better due diligence (40%). As well, 37% think more impact-specific expertise is needed by advisers (**figure 5.19., p. 57**). Given that 39% of respondents want to express their sustainability preferences and align their portfolio with their values, there is an opportunity here for advisers (**figure 5.16., p. 56**).

1.

The impact investing landscape

1.1 Introduction

The rapid speed at which economies and wider societies adapted to the Covid-19 pandemic left many surprised. Suddenly, remote working was adopted by companies, and digital communication replaced in-person meetings. We reduced our level of activity, endured social distancing, and changed how we interact with others.

As a result, we found proof that, when faced with extreme threats, we are able to innovate, adapt, and protect what is most important to us. Then, in February 2022, when Russia invaded Ukraine, it reminded us of how fast the status quo can change. In this increasingly volatile world, the pandemic, the war, and the climate crisis are among many events that affirm impact investors' mission. In 2022, we observed how global warming caused more severe flooding in South Asia, heatwaves in North America, and wildfires across Europe. While extreme weather conditions are increasing, impact investors are developing strategies to address these challenges.

This report analyses the role of private wealth in the impact investing landscape in 2022. What types of individuals / organisations participate in the market and why? Who does not participate and what are their barriers to entry? Where are investors finding impact opportunities? How much are impact investors ready to financially commit, and what strategies do they employ?

In 2022, the impact investment market reached an estimated US$1.16 trillion, while the value of sustainable investments in major financial markets globally reached US$35.3 trillion (beginning of 2020).[1] As the impact investing industry matures, investors better understand the market. In turn, their expectations are rising, putting pressure on the industry to establish better standards. Nearly all respondents surveyed (98%) think that the sophistication of impact measurement and management practice is a key challenge in the industry, and 95% assert that greenwashing is another pressing challenge to address.

Several findings in this report emphasise impact investors' commitment and determination to take on these issues. With 77% driven by a desire to make the world a better place, participants, on average, already allocate 32% of their portfolio to impact investing. They plan to increase portfolio allocations, on average, to 50% five years from now, reflecting an interest in tackling immediate social, economic, and environmental challenges through their investing.

This report concludes that impact investors are determined to keep going and perhaps they prove once more that, when faced with extreme challenges, we can protect what's most valuable to us.

Research design and list of case studies

The research design integrates the findings from the surveys and interviews. The report also contains six case studies or roundtables on topical themes, such as regenerative food systems, technological change in shipping, social enterprises operating in conflict regions, the power of theatre, and how to support graceful ageing in our communities and give insights on intergenerational philanthropy. These in-depth case studies shed light on how to make impact and sustainability a critical part of investment decision-making.

[1] Sizing the Impact Investing Market, 2022, Global Impact Investing Network (GIIN), p. 4; Global Sustainable Investment Review 2020, Global Sustainable Investment Alliance (GSIA), p. 9.

They include:

- **Carlo Petrini and Edie Mukiibi:** Good, clean, and fair food for all - how Slow Food International creates a regenerative economy
- **Norstar Group:** Achieving sustainable shipping - an insight perspective from a family business
- **Nicholas Allott:** The power of theatre
- **Steven Hirth:** Philanthropy, the next generation, and the value of impact investing
- **Roundtable discussion:** Never waste a crisis - how social enterprises support, change, and innovate
- **Roundtable discussion:** Ageing gracefully - how to ensure quality of life for the elderly

Methodology: This study is based on quantitative and qualitative data sourced by Campden Wealth, GIST Initiatives, and Barclays Private Bank. Between April and July 2022, 149 surveys were collected from investors around the world. Eight in-depth interviews were also conducted by Campden Wealth to shed light on the quantitative data, and six in-depth case studies were conducted on individuals / organisations to provide guidance on opportunities in the growing impact investing landscape.

1.2 Global overview of participants

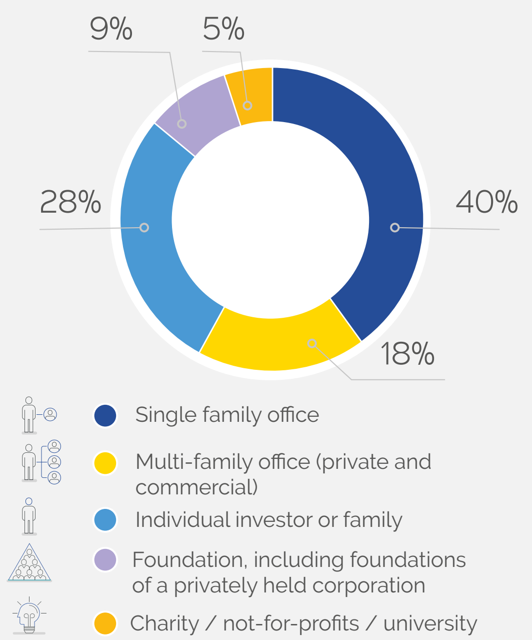
This section outlines a profile of the 149 participants in the study.

Single family offices and private investors dominate the sample

This year, family offices represent 58% of all respondents. Up from 30% last year,[2] the increase in family offices reflects a rising interest in impact investing within the family office space. Single family offices alone make up 40% of respondents and another 18% of those surveyed are multi-family offices (private and commercial) who each represent, on average, 21 wealth-holding families.

Individual investors and families constitute the second largest group of respondents (28%) (**figure 1.1.**). Other respondents include foundations (including foundations of privately held corporations) (9%), and charities / not-for-profits / universities (5%).

Figure 1.1
Types of organisation represented



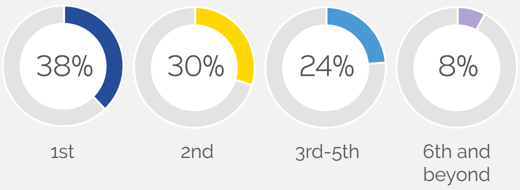
Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Multi-family offices (commercial and private) represented on average 21 families.

[2] Investing for Global Impact: A Power for Good, 2021, Campden Wealth / GIST / Barclays Private Bank, p.9

The typical respondent is a 1st or 2nd generation wealth-holder

Similar to last year, the largest proportion of the respondents are first-generation wealth-holders (38%) (**figure 1.2.**).[3] However, multigenerational family wealth continues to be significantly represented in this study. Thirty percent of respondents are second-generation and another 24% belong to the 3rd, 4th, or 5th generation of wealth-holding families.

Figure 1.2
Generations of family wealth

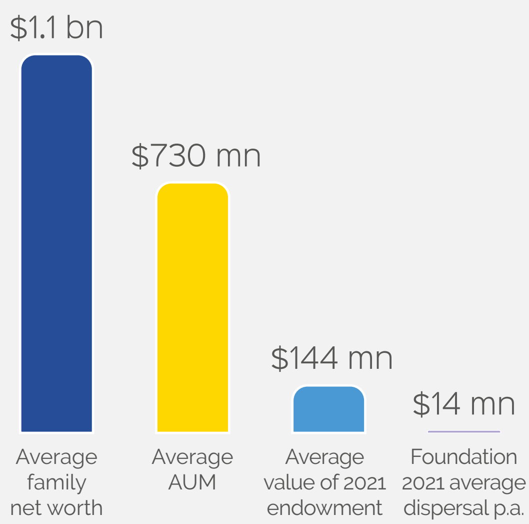


Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.

Average family wealth US$1.1 billion, AUM US$730 million

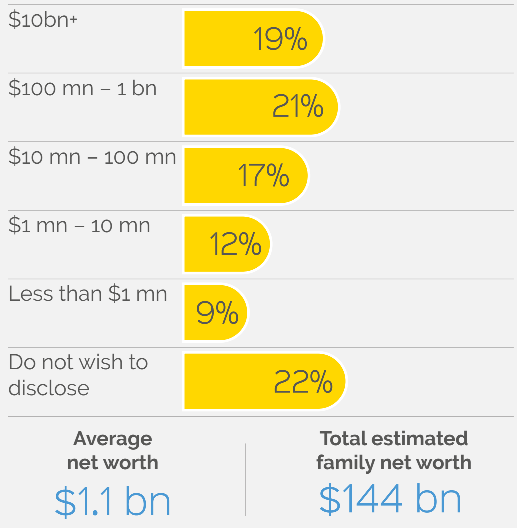
Across the sample, the average wealth per family is US$1.1 billion, while the average assets under management (AUM) is US$730 million (**figures 1.3, 1.4, 1.5.**). The total estimated wealth across the sample is US$144 billion and AUM US$108 billion.

Figure 1.3
Respondent AUM, net wealth, endowment



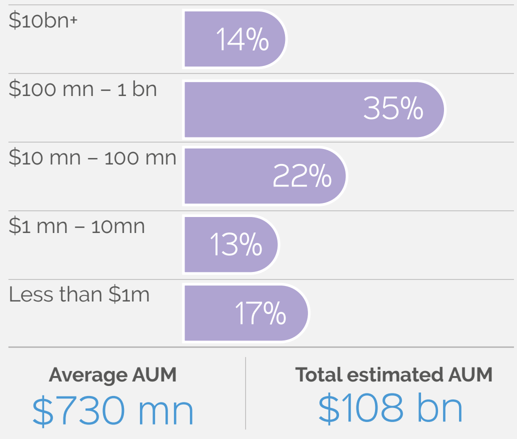
Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.

Figure 1.4
Family net worth, including core operating business



Base: All respondents, excluding foundations.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.

Figure 1.5
The value of 2021 investible assets or assets under management (AUM)



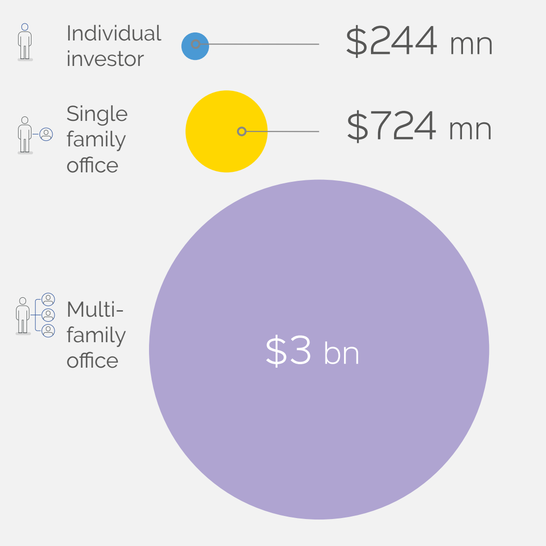
Base: All respondents, excluding foundations.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

[3] Investing for Global Impact: A Power for Good, 2021, Campden Wealth / GIST / Barclays Private Bank, p.10

Single family offices' average AUM is nearly triple the average AUM of individual investors / families

The average AUM of single family offices represented here is US$724 million – nearly triple the size of the average AUM of individual investors / families, which is US$244 million. This emphasises the powerful role of single family offices in advancing the size of the impact investing industry. The average AUM of multi-family offices, which represent an average of 21 families this year, is US$3 billion or US$143 million per family (**figure 1.6.**).

Figure 1.6
Average AUM by type of investor

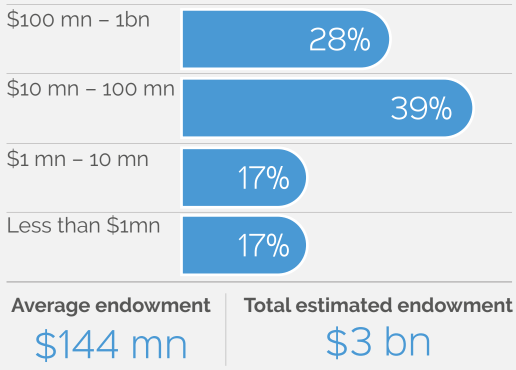


Base: All respondents excluding foundations.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Multi-family offices (commercial and private) represented on average 21 families.

Average foundation endowment US$144 million, annual dispersal US$14 million

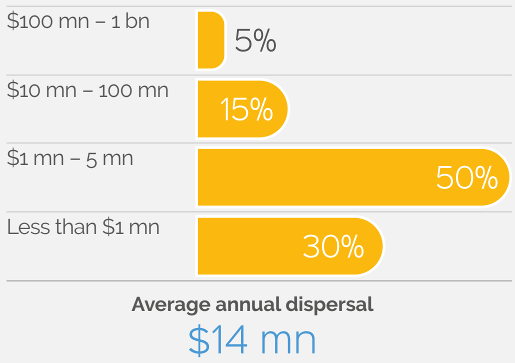
The average value of foundations' 2021 endowments is US$144 million, with dispersal levels averaging US$14 million per annum (**figures 1.7., 1.8.**). The total estimated 2021 foundation endowment is $3 billion, and annual dispersal level US$300 million.

Figure 1.7
The value of foundations' 2021 endowments



Base: Respondents representing foundations, charities, not-for-profits.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Figures may not add up to 100% due to rounding.

Figure 1.8
The amount the foundation / charity / not-for-profit disperses per annum



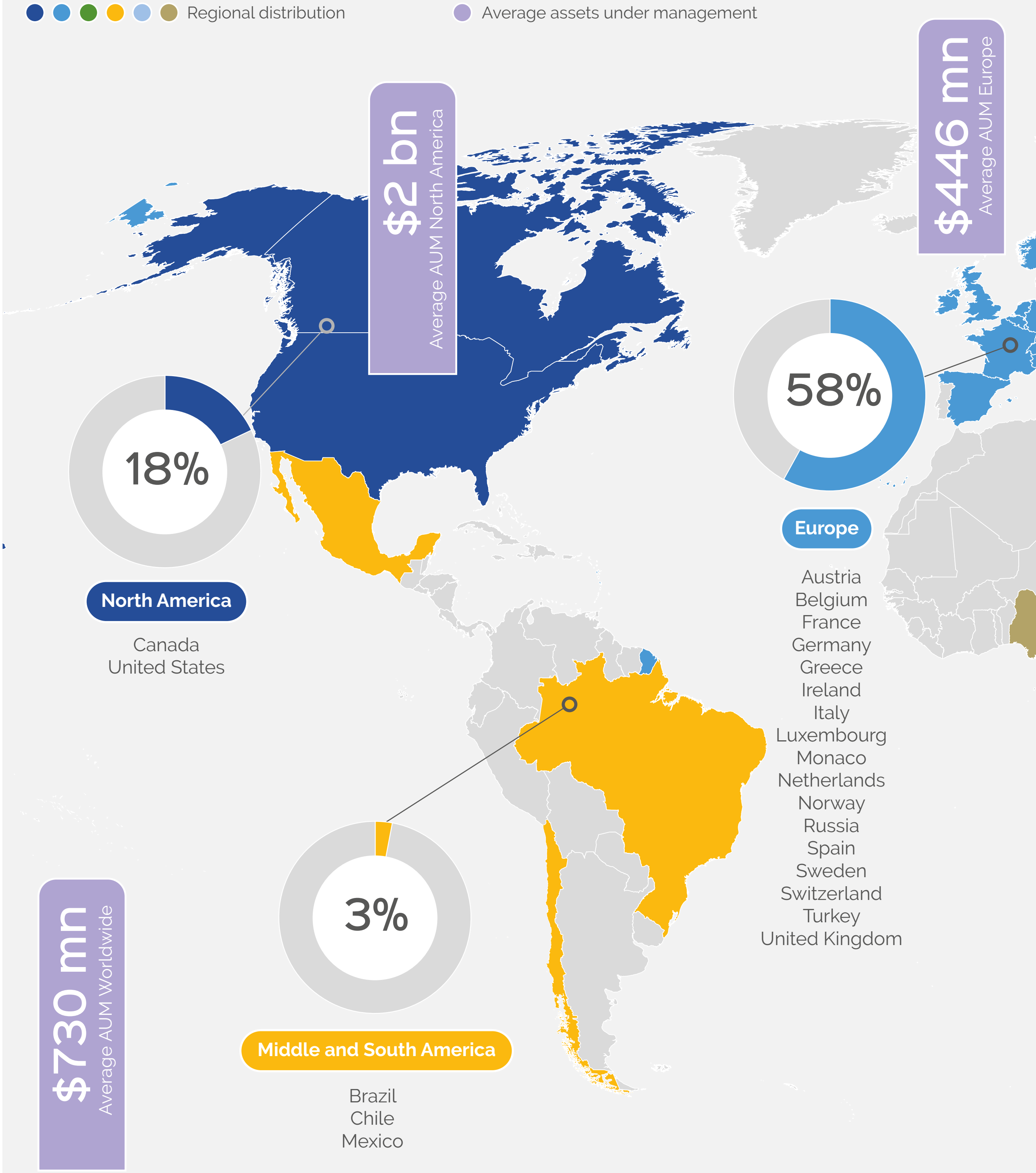
Base: Respondents representing foundations, charities, not-for-profits.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.

Most respondents are based in Europe and North America but Asia-Pacific has growing representation

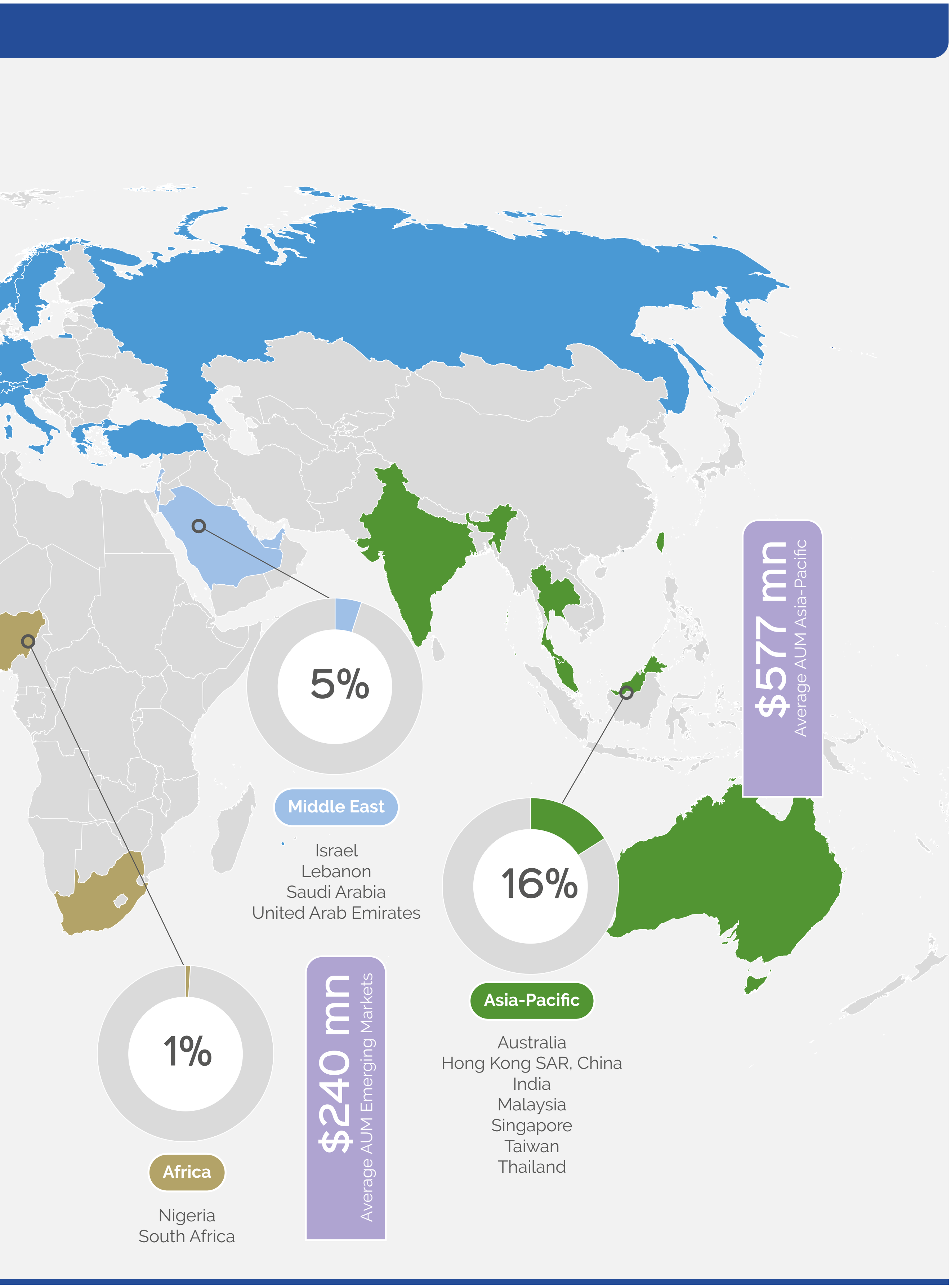
European respondents constitute the majority of survey participants (58%), followed by North American respondents (18%). Asia-Pacific has growing representation – with respondents from the region accounting for 16% of the sample this year, up from 12% last year.[4] Emerging market economies (the Middle East, Africa, and Central and South America) represent 9% of our sample (**figure 1.9.**).

[4] Investing for Global Impact: A Power for Good, 2021, Campden Wealth / GIST / Barclays Private Bank, p. 12-13

Figure 1.9
Respondents' regional distribution and AUM per region



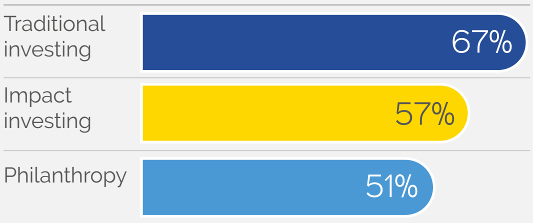
Base: All respondents, excluding foundations.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add to 100% due to rounding; Small sample size for Asia-Pacific and emerging markets;
Emerging markets include: Brazil, Chile, Israel, Lebanon, Mexico, Nigeria, Saudi Arabia, South Africa, United Arab Emirates.


5%
Middle East
Israel
Lebanon
Saudi Arabia
United Arab Emirates
16%
Asia-Pacific
Australia
Hong Kong SAR, China
India
Malaysia
Singapore
Taiwan
Thailand
$577 mn
Average AUM Asia-Pacific
1%
Africa
Nigeria
South Africa
$240 mn
Average AUM Emerging Markets

Over half of respondents are active impact investors

This year, 57% of respondents are active in impact investing. While most respondents combine impact investing with traditional investing, the latter is still the most common approach which is followed by 67% of those surveyed. The share of respondents active in philanthropy has remained steady between this year and last year, at 51%[5] (**figure 1.10.**).

Figure 1.10
Whether respondents are involved in impacting investing, philanthropy and / or traditional investing



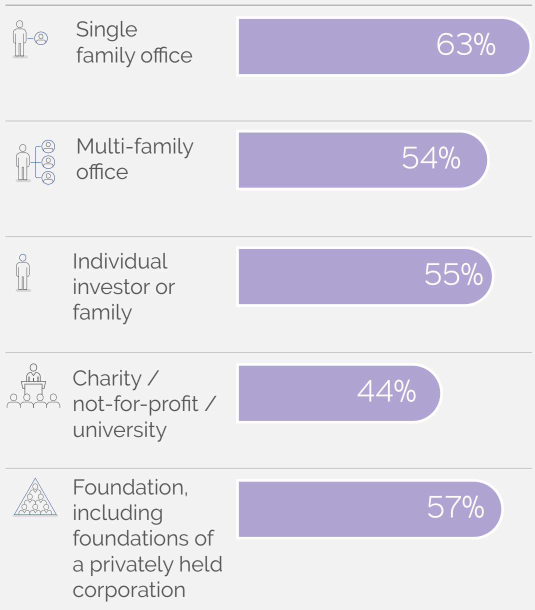
Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures do not add up to 100% due to multiple answers permitted.

> The next generation faces absurd challenges such as pandemics, the co-existence of obesity and malnutrition, and the depletion of the environment. The time has come to give power and voice to young activists. They rightfully demand creating a better future for themselves.
>
> **Carlo Petrini, Founder and Board Member, Slow Food International (p. 21)**

Single family offices have the highest proportion of impact investors

Comparing active involvement in impact investing by type of organisation, single family offices have the highest proportion of impact investors (63%). More than half of multi-family offices (54%) are active impact investors and 55% of individuals / families are are active in impact investing (**figure 1.11.**).

Figure 1.11
Proportion of respondents involved in impact investing by type of organisation



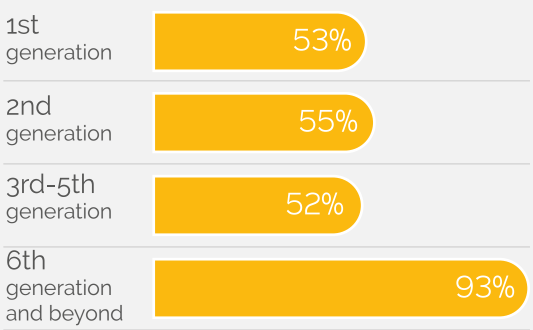
Base: Those involved in impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

[5] Investing for Global Impact: A Power for Good, 2021, Campden Wealth / GIST / Barclays Private Bank, p.14

Impact investing is pursued across all generations of family wealth

Broken down by generation of family wealth, nearly all the families representing six or more generations of wealth were impact investors (93%). This is compared to wealth-holders from earlier generations where involvement in impact investing was not as strong, but is still pursued by a majority (55% of second-generation, 53% of first-generation, and 52% of third- to fifth-generation families) (**figure 1.12.**).

Figure 1.12
Proportion of respondents involved in impact investing by generation of family wealth



Base: Those active in impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

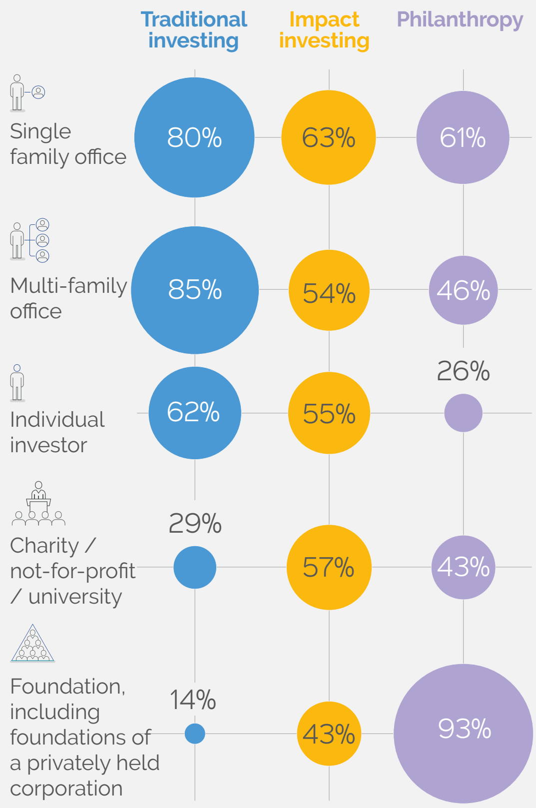
> One of our most important tasks is to train young leaders. They already understand the challenges of the food system. We enable them to stand up and speak about these issues to communities, the government, and development partners.
>
> **Edie Mukiibi, President, Slow Food International (p. 21)**

63% of family offices are active in impact investing

Segmenting investment strategy by organisation type shows that 80% of family offices are traditional investors and 63% are impact investors. In comparison, 62% of individual investors / families pursue traditional investing, while 55% engage in impact investing. About 6 in 10 single family offices (61%) and 46% of multi-family offices are active in philanthropy, while 26% of individual investors / families pursue philanthropic activities.

Figure 1.13. shows that few non-profit organisations (including charities and universities) actively invest, but when they do, they tend to be involved in impact rather than traditional investing (57% versus 29%, respectively).

Figure 1.13
Investment strategy / philanthropic involvement by type of organisation



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures do not add up due to multiple answers permitted.

2.

Investment strategy and philosophy

Key findings

- The responsibility to make the world a better place is the most popular reason to engage in impact investing, according to 77% of respondents, followed by 39% who believe that incorporating sustainable considerations into their investments will lead to better returns and reduced risk (**figure 2.4.**).
- Investors already active in impact dedicated, on average, 32% of their portfolios to impact investments, with 29% committing more than half their portfolios to impact. Average portfolio allocations are projected to rise to 50% five years from now, reflecting optimism among impact investors despite ongoing disruptions in traditional investment markets (**figure 2.7.**).
- When making investment decisions, 72% of traditional investors take ESG factors into consideration. The percentage of investors who do not include ESG considerations in their decision-making process has declined sharply from 40% in 2021 to 28% in 2022 (**figure 2.6.**).

2.1 Impact investing activity

Terminology

When the *Investing for Global Impact* report series was first launched, terminology in the field was not well established. In fact, language still remains a challenge.

The report chose to use the term "impact investing" given the clear intention of respondents to use their wealth either through their investments or philanthropy to make an impact on the world. Since then, multiple terms have become widespread. Arguably, sustainable investing has become foremost amongst them, though it is not universally used, and could be a substitute for the same idea.

At present, and for continuity, the report has maintained "impact investing" as its umbrella term. It also recognises and differentiates between specific investment approaches in the report, such as:

Impact investing: Investments made with the intention of generating positive and measurable social and environmental impact, alongside a financial return.

Sustainable investing: An umbrella term for a variety of investment strategies including ethical, responsible, and impact investing (as defined by the Global Impact Investing Network).

Ethical investing: Applies a predetermined set of values or beliefs to investment selection. Driven by personal religious, moral, or normative beliefs and distinct to each individual and organisation.

Responsible investing: Incorporating non-financial ESG data into investment decision-making through screening or integration. It also involves active ownership through voting and engagement.

Philanthropy: Charitable giving to human / environmental causes on a large scale. More than a charitable donation, it is an effort undertaken by an individual or organisation to improve social and environmental welfare. Wealthy individuals or families sometimes establish foundations to facilitate their philanthropic efforts.

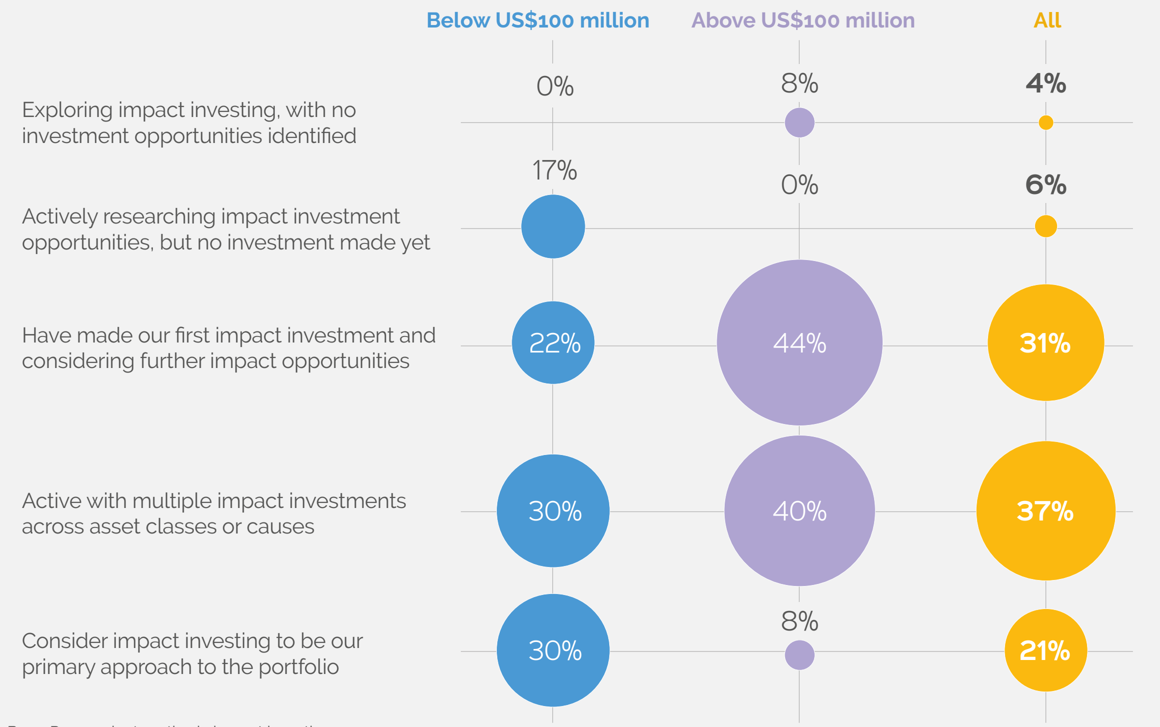
Impact investing is grounded in an "intentionality" which aims to protect / grow assets and make a positive contribution to our world. In addition, the approach allows investors to design and diversify a portfolio that aligns with their personal values, passions, and goals. In the following section, we analyse what drives impact investors, and the level and type of their engagement.

Respondents are most likely to be active in impact, with multiple impact investments

Thirty-seven percent of respondents are active in impact, with multiple investments across different asset classes or causes (**figure 2.1.**). Nearly a third (31%) report that they have made their first impact investment and are considering further opportunities.

Investors with AUM above US$100 million are more likely to have made their first impact investment (44%) or to hold multiple impact investments (40%) than those with less than US$100 million in AUM (22% and 30%, respectively). However, among those with larger portfolios, only 8% view impact investing as their primary portfolio strategy, compared to 30% for respondents with an AUM below US$100 million (**figure 2.1.**).

Figure 2.1
Assessment of impact investing experience



Base: Respondents active in impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding

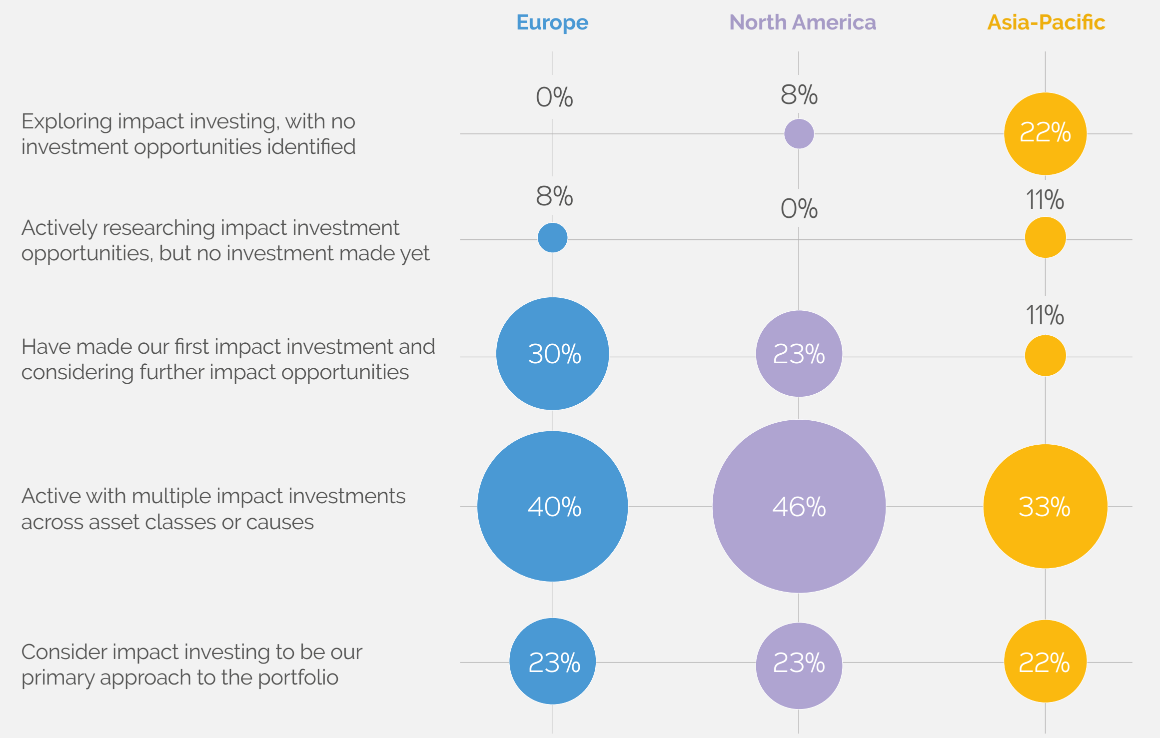
2.2. Objectives and aims

Impact investing is being adopted across the globe

When broken down by region, respondent experiences with impact investing show different levels of engagement. In North America, 46% of participants are active with multiple impact investments, followed by Europe where 40% would say the same.

Compared to North American investors, more Europeans are still at the stage of having made one impact investment and considering further opportunities (30% in Europe versus 23% in North America). However, while 8% of Europeans are merely at the stage of researching opportunities without having made their first investment, 8% of North Americans have not identified any investment opportunities (**figure 2.2.**).

Figure 2.2
Assessment of impact investing experience by region

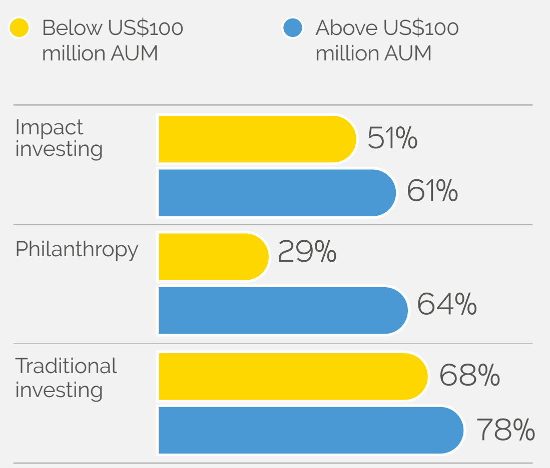


Base: Respondents active in impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding

Respondents with higher AUM are more active in philanthropy and traditional investing

Within the respondent sample, those with AUM above US$100 million are more likely to engage in impact investing (61%) than those with AUM below this mark (51%) (**figure 2.3.**). Those with larger AUM are also far more likely to give philanthropically (64% versus 29%, respectively). Similarly, wealthier respondents are also more likely to engage in traditional investing (78% versus 68%, respectively).

Figure 2.3
Investment activity and philanthropic giving by AUM



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures do not add up to 100% due to multiple answers permitted.

The leading reason to engage in impact: A responsibility to make the world a better place

Showing great optimism among respondents about their ability to create positive change, a responsibility to make the world a better place is the most popular reason respondents seleted when asked for their primary motivation to engage in impact investing (77% of respondents) (**figure 2.4.**). The second most important reason to engage in impact relates to risk and return considerations: 39% believe that incorporating sustainable considerations will lead to better returns and / or reduced risk when investing.

Other popular reasons relate to a desire to show that family wealth can be invested for positive outcomes (36%) and a belief that impact investing is a better use of funds than philanthropy to address societal problems (35%). These two motivations to invest in impact increased from last year from 23% to 36% and 28% and 35%, respectively.

> Wealth holding families invest in impact because they want to. They are not driven by an auditor or by compliance. They believe it is their responsibility to create positive change.
>
> **Family office adviser, Germany, Europe**

> We need to make money in a responsible way.
>
> **ESG adviser, asset manager, United Kingdom, Europe**

> My mission is to make profits for the family, but also invest in good projects that change the world in a positive way.
>
> **CIO, single family office, Liechtenstein, Europe**

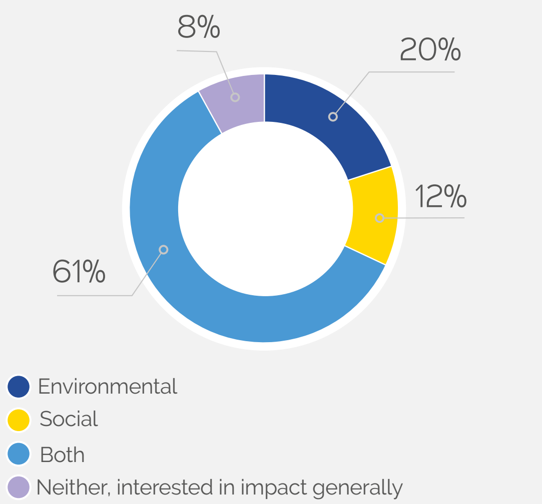
Figure 2.4
Motivations for engaging in impact investing

Base: Respondents active in impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures do not add up to 100% due to multiple answers permitted.

The majority of impact investors target both social and environmental goals

Sixty-one percent of respondents use their impact investments to target both social and environmental investment goals (**figure 2.5.**). This is down from 73% last year, with the bulk of the reduction being made in favour of environmental goals only (20%, up from 13%). The percentage of investors targeting only social goals is down two percentage points from 2021.

Figure 2.5
Respondent investment objectives

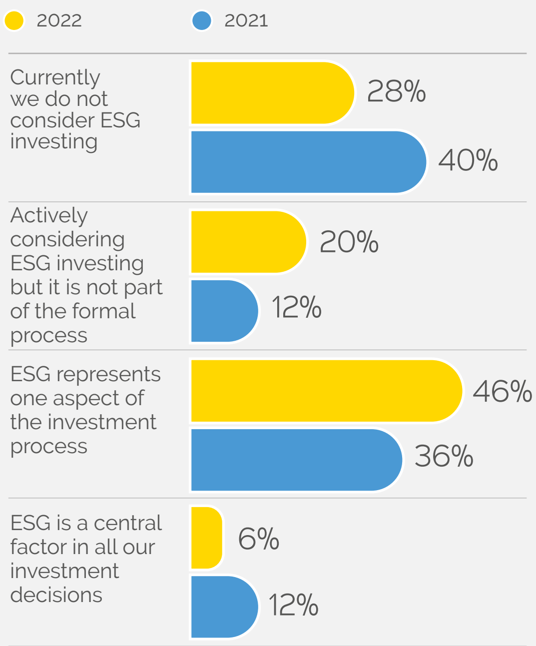


Base: Respondents active in impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

Traditional investors often integrate ESG factors into their investment process

Traditional investors do not identify themselves as impact investors. Nonetheless, a vast majority (72%) take ESG factors into consideration when making investment decisions (**figure 2.6.**). The percentage of investors who do not consider ESG criteria in their decision-making process has declined sharply from 40% in 2021 to 28% 2022.

Figure 2.6
Traditional investors and environmental, social, and governance (ESG) factors



Base: Respondents not active in impact investments.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.

2.3. Portfolio strategy

Five years from now, average portfolio allocation to impact investing is expected to rise to 50%, up from the current 32%

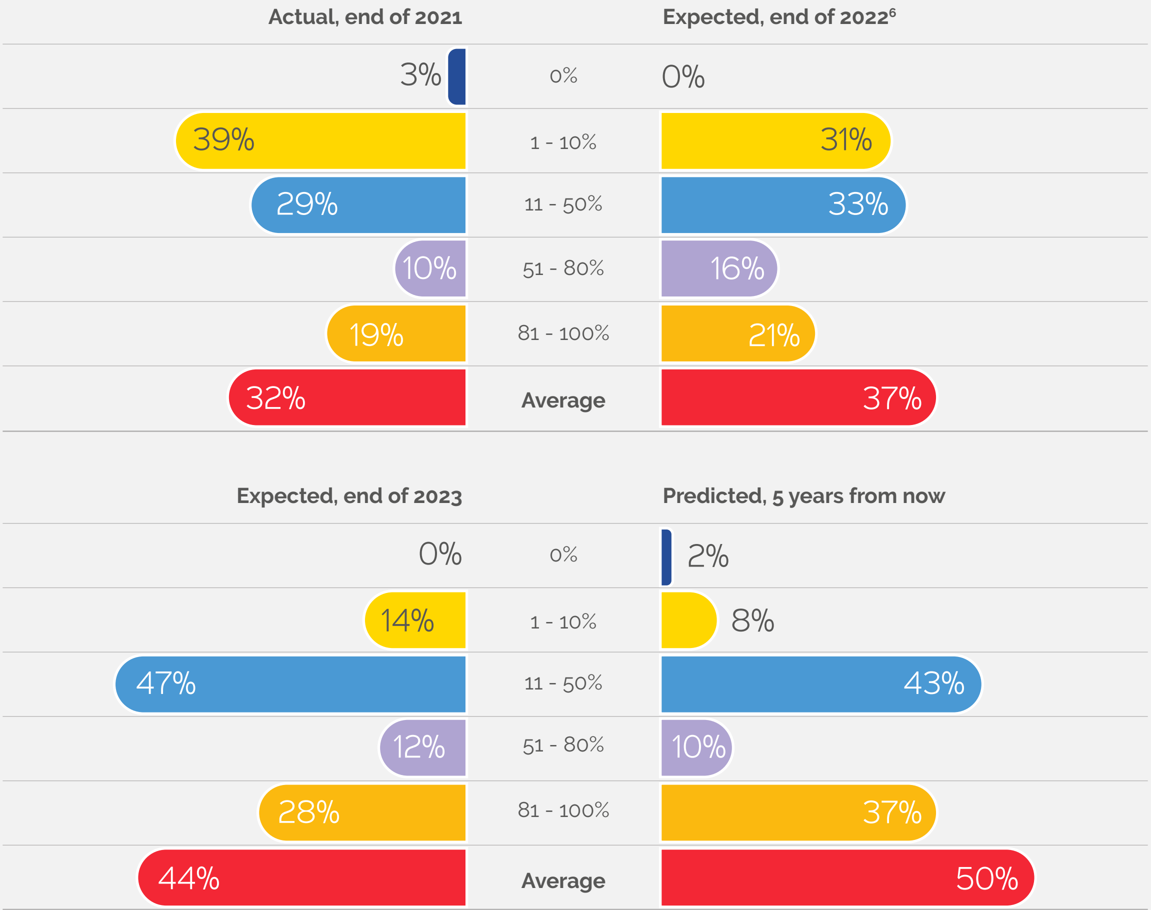
At the end of 2021, those already active in impact dedicated, on average, 32% of their portfolio to impact investing (**figure 2.7.**). This result is heavily influenced by the 29% of respondents who have committed more than half their portfolios to impact.

Impact investors also predicted that this portfolio share would rise to 37% by the end of 2022, and to 44% in 2023. This is an impressive rate of progress, but this projection should be treated with some caution, as respondents from our 2021 report believed that impact investing would account for 41% of the average portfolio by the end of 2021, an unrealised prediction.

The pace of expansion is projected to fall to more modest levels between 2023 and 2027 so that impact investments eventually settle at around 50% of the average portfolio five years from now.

> Solving the climate crisis requires collaboration amongst consortiums of partners. No single person or entity can achieve this alone. While it is important to achieve a return, investors also need to share these values and be vision-mission aligned.
>
> **Chris Bonehill, CEO, Norstar Group**

Figure 2.7
Portfolio allocations to impact investing



Base: Respondents active in impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

[6] The data was collected between April and July 2022

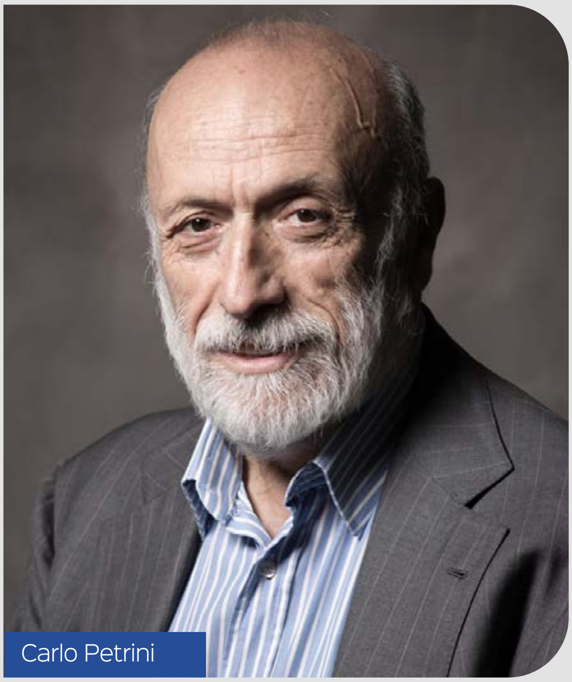
Case study

Good, clean, and fair food for all

How Slow Food International creates a regenerative economy

Slow Food International is a global grassroots organisation which promotes universal access to good, clean, and fair food. Today, Slow Food International has grown into a global organisation with over one million activists worldwide, nearly 2,000 communities and convivia collaborating in over 10,000 projects across 160 countries.[6] Founded in 1989 by Carlo Petrini, the organisation has now elected a new leader, Edie Mukiibi. He is a young Ugandan agronomist who is set to represent the next generation of activists who continue to create a more sustainable food system worldwide.

"Food is part of our identity. It is political, and it matters to all of us. Issues like social justice, history, chemistry, and the protection of the environment can be understood through food. Food shapes our social structures and our culture," says the activist and founder of Slow Food International Carlo Petrini. Petrini and fellow activists founded the organisation in 1989. Their mission was to defend "the rich varieties and aromas of local agricultural products and cuisines." At a time when food systems became increasingly standardised and industrialised, Slow Food fought for artisanal producers, local supply chains, and the preservation of biodiversity. They advocated for universal access to good quality, environmentally sustainable, and fairly produced food. *"With our values and ideas, we were swimming against the current. It was not easy. We were labelled 'nostalgic' and 'utopian'"*, Petrini remembers.



Carlo Petrini

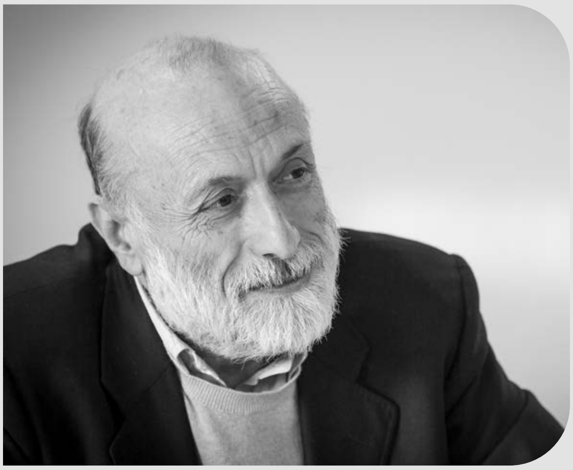
> How often have I found myself in a situation where everybody said, 'That is not possible!' But, with persistence and cooperation, we made it work.
>
> **Carlo Petrini, Founder and Board Member, Slow Food International**

A visionary, Petrini says his stubbornness was a crucial part of his success, *"How often have I found myself in a situation where everybody said, 'That is not possible!' But, with persistence and cooperation, we made it work. Today, the causes we stand for are important again. We have been fighting for them since 1989."*

The causes Petrini and his fellow activists are fighting for are diverse. For example, the organisation has also launched Slow Meat. In an effort to move away from the mass production of meat, this programme promotes the work of family farmers and artisan producers who respect animal welfare.

[6] Slow Food Annual Report 2021, p. 17

> Nobody imagined that it could be possible to invite thousands of small-scale farmers worldwide to hold a conference on food sovereignty. In 2004, we gathered 5,000 people from 129 countries. This is a testimony of how persistence delivers results.
>
> **Carlo Petrini, Founder and Board Member of Slow Food International**



Another example of their successful initiative is the Slow Food network of indigenous people and afro-descendent communities. The organisation helps these communities to defend their rights, control their land, and grow food according to their own needs and decisions. To achieve these goals, in 2021 alone Slow Food activists established 52 new agro-ecological gardens in Africa, trained 102 farmers in ecological farming, and built three seed libraries to ensure biodiversity and access to local indigenous seeds.[7]

Sometimes, Slow Food initiatives involve commercial partners. Slow Food and the Lavazza Group, for example, created the Coffee Coalition which is an inclusive and collaborative coffee network. The Coalition already persuaded coffee producers from Cuba, the Philippines, Honduras, India, and Malawi to sign onto a Participatory Guarantee System (PGS), which is a certification of environmentally and people-friendly farming methods, giving farmers a much-needed voice on what sustainability means for their local environment. The first products from this unique collaboration were presented in October 2022.

Petrini himself is most proud of the success of the Terra Madre network, a novel forum to connect small-scale farmers around the world. Once again, Petrini defied critics. He remembers, ***"Nobody imagined that it could be possible to invite thousands of small-scale farmers worldwide to hold a conference on food sovereignty. In 2004, we gathered 5,000 people from 129 countries. This is a testimony of how persistence delivers results."*** Today, the Terra Madre network consists of one million small-scale farmers, cooks, food artisans, and food system thinkers who put the Slow Food values into practice. ***"The network gives these workers a voice, visibility, and new revenues,"*** he remarked.

Edie Mukiibi is one such Terra Madre activist. This year, Mukiibi became President of Slow Food International. Born into a small-scale farming family in a rural part of Uganda, Mukiibi had always been fascinated by farming. As a young boy, he questioned why teachers punished students by assigning them tasks to work in the fields. ***"If you were late to school or spoke the local language instead of English, you were asked to work the fields. This created a bad attitude among young people towards agriculture. It was a job for those who had failed in life. I have dedicated my life to changing this."***

Edie Mukiibi

[7] Slow Food Annual Report 2021, p. 46

Petrini is Mukiibi's mentor. The two men share a deep passion for food, *"My mom taught me how to cook all the food we produced. So, I'm an agronomist, but also, in my heart, I am a cook"*, Mukiibi says. He vividly remembers meeting Petrini at the 2008 Terra Madre event in Turin. *"This was one of the most important moments in my life. Returning back to Uganda, I was very energised,"* he recalls. Having met with like-minded people from around the world, Mukiibi was on a mission to empower local farmers and create sustainable food systems at home. *"Whenever I talked to farmers, I could see the sadness in their eyes. I could see their disappointment in the industrial food system. They had lost money and hope. That is when I said, I cannot work in this system anymore. Let us go back to the farming system that suits African conditions. Farmers should decide which crops they want to grow and how they want to impact their communities."* Slow Food gave him the tools to build the local network. *"I started creating more gardens, bringing more young people into the movement, and connecting farmers and communities."*

Mukiibi put together a team that became the hub for African network leaders engaged in the Slow Food organisation. His goal was to give the grassroots movement tools to connect and grow stronger. *"One of our most important tasks is to train young leaders. They already understand the challenges of the food system. We enable them to stand up and speak about these issues to communities, the government, and development partners."*

When asked about the successes he is most proud of, Mukiibi talks about changing national and local laws, *"We've been pushing for organic agriculture policies for more than 20 years. Now, they have passed in Uganda. Additionally, we pushed local governments to sign a memorandum to prioritise local, sustainable food systems. One example is in the Buikwe district, where we spearheaded the passing of the food and environment ordinance. This local law limits the expansion of the sugar cane monoculture. It incentivises small-scale farmers to diversify and follow environmentally sustainable production methods. For us, this is a tremendous success."*

> I believe that Slow Food is a big family. We enable people to eat well. We also connect communities and protect our planet's biodiversity.
>
> **Edie Mukiibi, President, Slow Food International**

In 2014, Petrini visited Mukiibi during his tour across East Africa. Shortly after, Petrini offered him the role of Vice President of Slow Food International. Mukiibi remembers, *"When I was appointed Vice President, I was only 28 years old, but my age was not a barrier to this wonderful appointment. My origin was not a barrier to this appointment. Slow Food believes in people with ability and vision."*

Now Mukiibi is proud and honoured to become President of Slow Food International: *"I believe that Slow Food is a big family. We enable people to eat well. We also connect communities and protect our planet's biodiversity."* Petrini agrees. After 33 years, he has no regrets about stepping down as the President of Slow Food International. He knows Mukiibi will be an exceptional leader. *"The next generation faces absurd challenges such as pandemics, the co-existence of obesity and malnutrition, and the depletion of the environment. The time has come to give power and voice to young activists. They rightfully demand a better future for themselves."* ■

SLOW FOOD PURPOSE

> Our mission is to create good, clean, and fair food for all.
>
> **Carlo Petrini, Founder and Board Member, Slow Food International**

Slow Food International is a global, grassroots organisation, founded in 1989. Slow Food believes food is tied to many aspects of life, including culture, politics, agriculture, and the environment. Through our food choices we can collectively influence how food is cultivated, produced, and distributed, and change the world as a result.

Since its beginnings, Slow Food has grown into a global movement involving millions of people in over 160 countries, working to ensure everyone has access to good, clean, and fair food.

A global network of local communities who are united by the commitment to:

- Defend biodiversity
- Educate the wider world
- Sustain our efforts and influence the public and private sectors

...in order to achieve a good, clean, and fair food system for all.

SLOW FOOD INITIATIVES

Terra Madre Network: The Terra Madre network was launched by Slow Food in **2004** to give a voice and visibility to communities around the world whose food production protects the environment and communities. Since 2004, the network has come together every two years at a **global meeting**, while national and regional meetings are regularly organised around the world.

University of Gastronomic Sciences (UNISG): The university was established in 2004 in Pollenzo, Italy to promote education on the science, culture, politics, economics, and ecology of food. More than 3,000 students from around the world have studied or are studying there.

Slow Food Resilience Fund: The fund is managed by the Slow Food Foundation. It was launched in 2017 to support local communities to work **collaboratively** with companies, individuals, and stakeholders to achieve **more sustainable and inclusive practices** in food production, processing, distribution, and consumption.

GLOBAL IMPACT

Selected examples of Slow Food's impact activities:

Coffee Coalition: Slow Food and the Lavazza Group are co-founders of the Coffee Coalition, the global network that brings together all players in the coffee value chain, from producer to consumer, for a good, clean, and fair coffee.

Indigenous people: The Slow Food network of indigenous and afro-descendent communities promotes the food sovereignty of indigenous people by fighting against land and water grabbing, cultural erosion, social discrimination, and economic marginalisation.

Migrants: Conflicts and shortages of food and water are some factors that push populations to migrate. Food is part of the cultural heritage that migrants bring with them. The Migrant Communities Network fosters the social, cultural, and economic integration process of the communities through food.

Slow Fish: The network gathers fishers, fishmongers, artisans, scientists, producers, biologists, cooks, and policymakers to create healthy and environmentally-friendly value chains. They are looking to jointly develop a mutual understanding of participants in the value chain and how society can develop a diet that can be sustainable for the environment and food producers.

Slow Meat: A project and a campaign to encourage the reduction of meat consumption and promote the work of family farmers and artisan producers who respect animal welfare and adopt sustainable practices.

Despite all the confusion, hard emotional times, and the loneliness we have endured, the [Covid-19] crisis has given us an opportunity to re-think our production and development models, our relationships with the natural ecosystem, and, most importantly, it has shown us that we need the planet more than it needs us. It is a time when we need to show solidarity and support the work of our movement more than ever before. The most encouraging thing is that our network has remained strong and committed to change the food system to a good, clean, and fair one.

Edie Mukiibi, President Slow Food International

Food, health, and education: Slow Food brings attention to the connection between health and food through organising conversation and educational programmes with the general public, scientific societies, and medical personnel. Tackling the topics of how individual health and the health of the planet are intimately connected, the programmes are defending biodiversity and combating malnutrition in all its forms (i.e., overnutrition, undernutrition, and deficiencies of nutrients). Initiatives like the promotion of school gardens are supporting these efforts globally.

Youth Network: A worldwide grid of young activists, students, farmers, artisans, scientists, journalists, and more who advocate for a good, clean, and fair food system for all. Whether in an educational setting, a festival, protest, or potluck, the communities find ways to learn from each other and celebrate food.

Cooks' Alliance: Created as a pact between chefs and small producers to promote good, clean, and fair local foods and to save biodiversity. On their menus you can find local products, Slow Food Presidia, products from the Ark of Taste, Earth Markets, and Slow Food communities.

3.

Investment portfolios

Key findings

- Seed, venture, and growth capital investments represent, on average, 44% of impact portfolios, while mature public and private companies represent 25%. The focus of impact investing on startups and business ventures shows that impact investors favour private, rather than public markets as the most likely source of new investments (**figure 3.2.**).
- Over the next five years, impact investors expect to see the strongest increase in their investments into the following sectors: food and agriculture (67%), healthcare (67%), and clean water (59%) (**figure 3.4.**).
- Eighty percent of respondents surveyed use the United Nations Agenda 2030 and the Sustainable Development Goals (SDGs) to measure the impact of their investments (**figure 3.5.**). When asked about the UN Sustainable Development Goals (SDGs) investors ranked quality education (59%) first, followed by climate action (59%), and health and well-being (55%) (**figure 3.3.**).

3.1. Investment selection

Impact investors are operating in a highly dynamic market, which has evolved rapidly over the past decade. To keep pace, investors need to remain active, keep abreast of developments, and continue to explore new opportunities. This section takes a deep dive into the most frequently applied strategies and approaches to impact investing.

A variety of investment approaches are employed

Figure 3.1. looks at impact investors' approaches to their portfolios. Ethical investing entails screening companies / industries to eliminate those with activities that are not aligned with broad social values or the values of the family. Companies engaged in so-called sin sectors (businesses related to war and weapons, tobacco, gambling, etc.) would likely fall into the first category, but investors may exercise some discretion around mining and fossil fuels. Nearly half of those surveyed (48%) pursue ethical investing across all their investments, while a vast majority (84%) apply it to at least some of their investments.

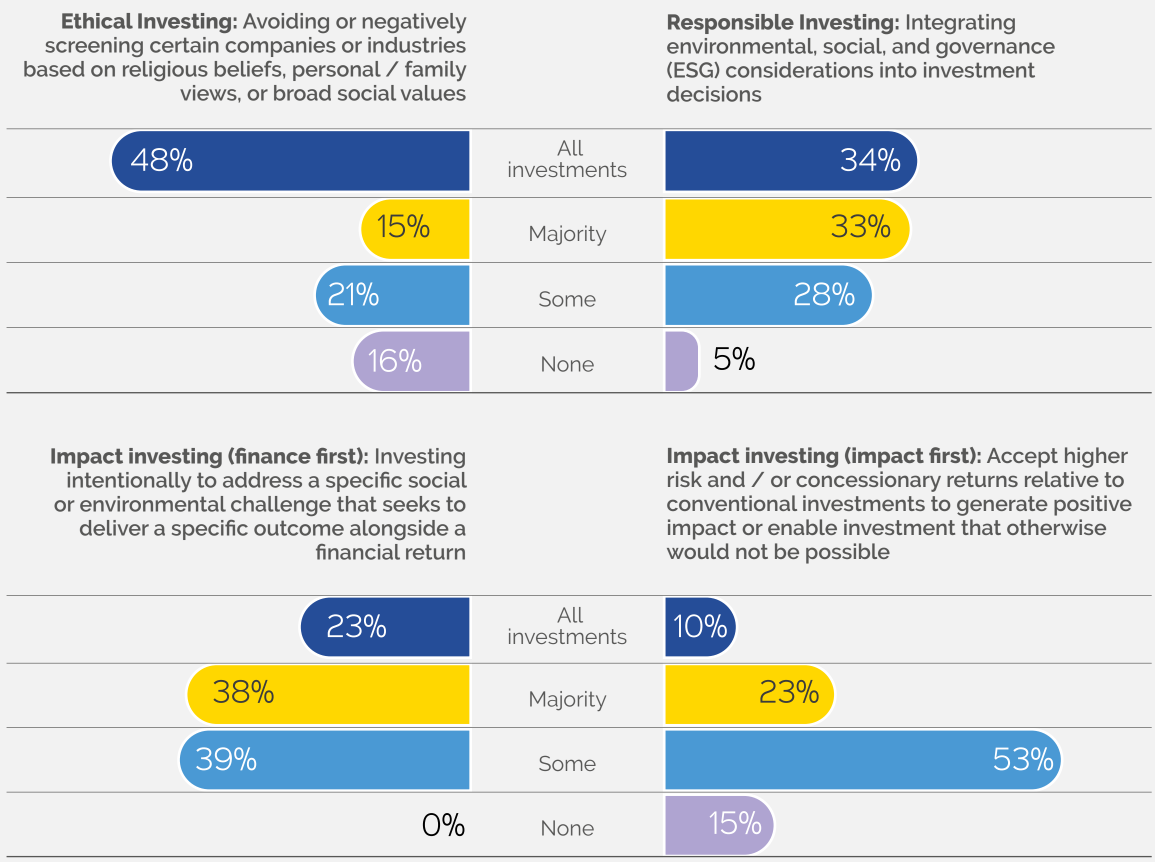
Responsible investing, which integrates environmental, social, and governance considerations into the investment process, requires accurate measurement, analysis, and comparison of a wide range of non-traditional, non-financial inputs (e.g., carbon emissions, management remuneration, women's representation on company boards). Given the information requirements, ESG cannot (yet) be applied to every asset class. Nonetheless, 34% of respondents take on the challenge and apply this approach to the totality of their investments, while 95% apply it to at least some of their investments.

Only 23% of respondents who are engaged in impact investing (the finance first approach), apply this strategy to their entire portfolio and 38% use the finance first approach to a majority of their portfolio.

Prioritising social / environmental progress over financial returns, 10% of respondents target an impact first approach across their portfolio, compared with 23% who apply the approach to the majority of their portfolio.

> We don't positively or negatively screen companies from the outset. We don't think that not buying something is the most impactful way to respond to inadequacies.
>
> **ESG adviser, asset manager, United Kingdom, Europe**

Figure 3.1
The approaches respondents use across their investing



Base: Respondents active in impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

Venture and seed / startup investments are most favoured by impact investors

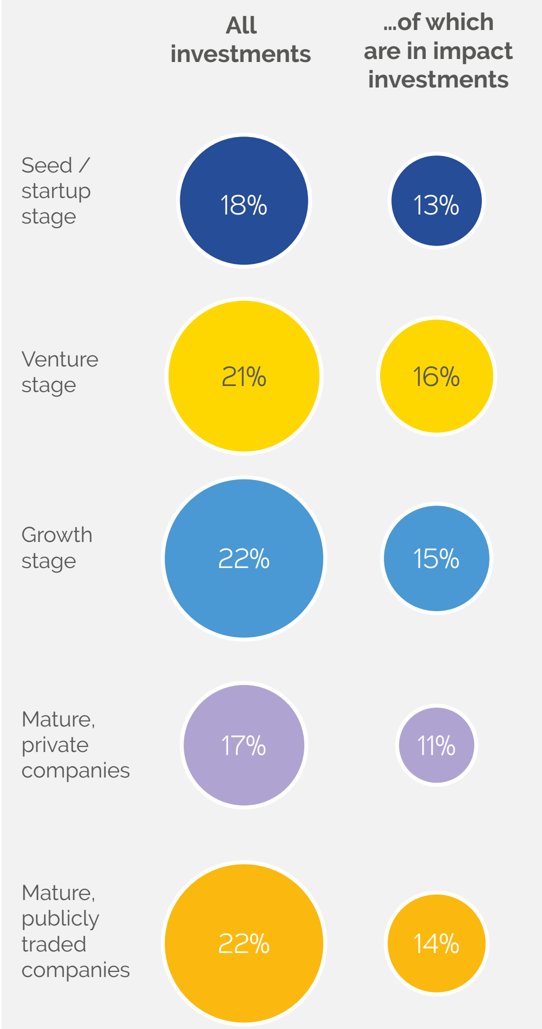
Respondents provided breakdowns of their total and impact portfolios by investment stage (**figure 3.2.**). Seed, startup, and venture capital companies represent, on average, 39% of investment portfolios of which a relatively large proportion (29%) is dedicated to impact investing. By contrast, respondents' allocation to growth stage, mature public, and private companies averages 61%, of which only 25% are allocated to impact.

The breakdown shows a tendency to focus impact investments on seed / startups and business ventures because for a relatively small investment, investors can exert meaningful influence or control over company operations. In turn, this means that private, rather than public, markets are the most likely source of new impact investments and that public markets tend to trail behind in offering attractive impact investing opportunities. This point is also further highlighted in the case study "Never waste a crisis" on **p. 67.**

> A lot of sustainable investments are not in liquid markets, so there is more risk.
>
> **Family office adviser, Germany, Europe**

> We choose private equity investments because we get to know the management and we understand what they are doing. This gives us a good feeling.
>
> **CIO, single family office, Liechtenstein, Europe**

Figure 3.2
Investment stages targeted by investors



Base: Respondents active in impact investing and traditional investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

[12] GIIN June 11, 2020 Annual Impact Investor Survey.

3.2. Themes

Impact investors target a range of SDGs, with education, healthcare, and climate action on top

The United Nations Agenda 2030 and the Sustainable Development Goals provide a universally recognised framework through which to define, communicate, and demonstrate impact goals. Impact investors can target these 17 goals through their investments.

Figure 3.3. shows that the most commonly targeted impact themes are the provision of quality education (59%), climate action (59%), health and well-being (55%), decent work and economic growth (41%), and reducing inequality (41%).

Conversely, some development goals receive less focus from impact investors, such as industry, innovation, and infrastructure (34%), life on land (24%), partnerships for the Sustainable Development Goals (28%), and life below water (24%).

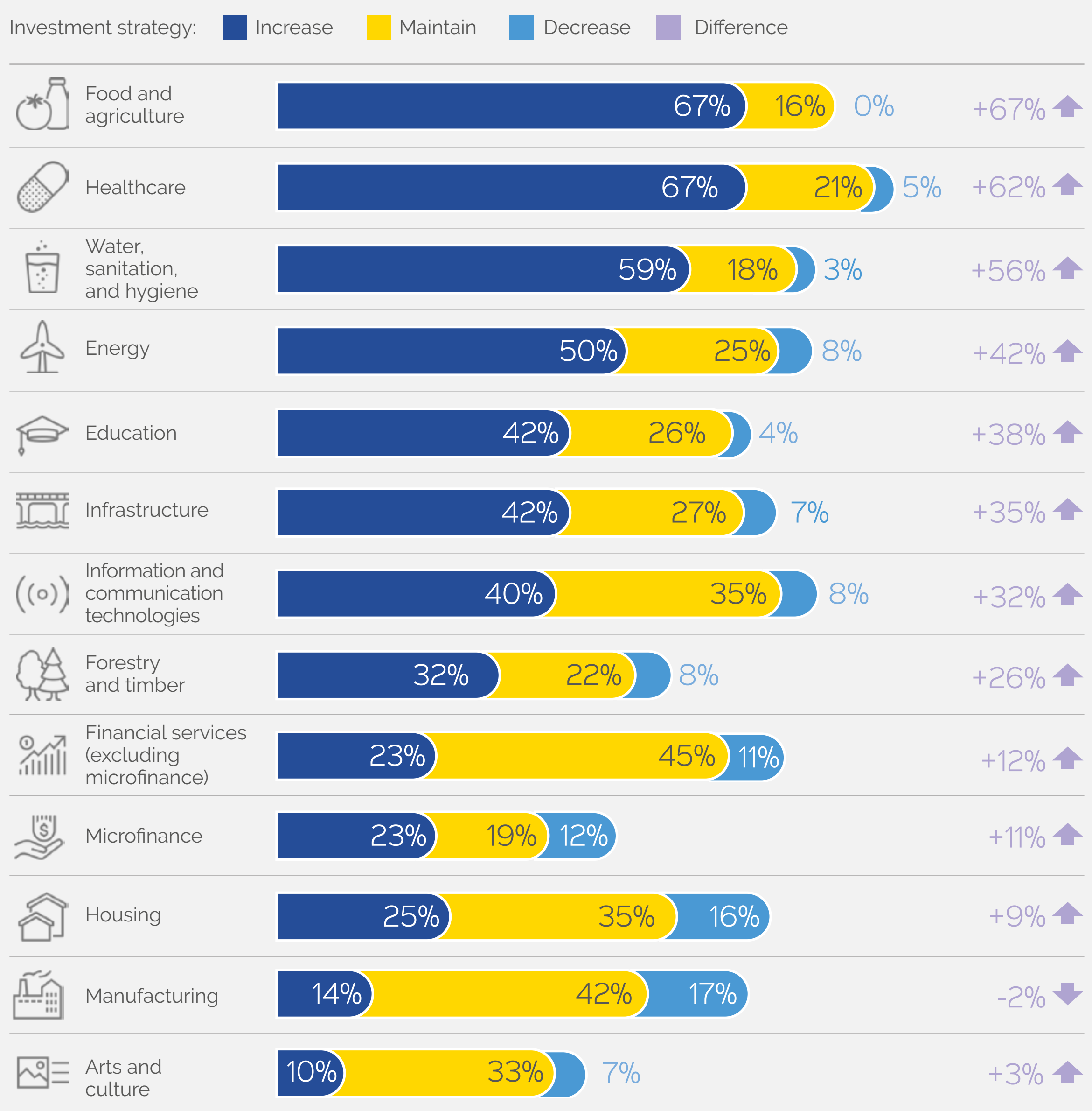
Figure 3.3
Targeted impact themes following the United Nations Agenda 2030 and the Sustainable Development Goals

Base: Respondents active in impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2021.
Figures may not add up to 100% as multiple answers were permitted.

Food / agriculture and healthcare set to see more gains over the next five years

Impact investors already actively investing in food and agriculture (67%), healthcare (67%), and clean water (59%) are most likely to increase their investment in these sectors (**figure 3.4.**). There is less appetite for growing engagement in housing, financial services, and manufacturing, since only 25%, 23%, and 14%, respectively, are looking to increase their exposure, and a notable percentage in all three categories are looking for an exit.

Figure 3.4
Impact investments by sector and plans to increase, maintain or decrease over the next five years



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Figures may not add up to 100% due to rounding.

In terms of ESG, tech stocks tick all the boxes at the moment, but I don't think they will in the future. At some point in the future, the social and environmental impact of those companies is going to be questioned.

ESG adviser, asset manager, United Kingdom, Europe

We want to do more impact investments in securities and fixed income. Families also want access to more sustainable real estate investments.

Family office adviser, Germany, Europe

We want to be a pure green shipping company by 2030 and to extend our sustainability strategy for global supply chain infrastructure and logistics based on green hydrogen.

Chris Bonehill, CEO, Norstar Group (p. 32)

3.3. Measurement of impact

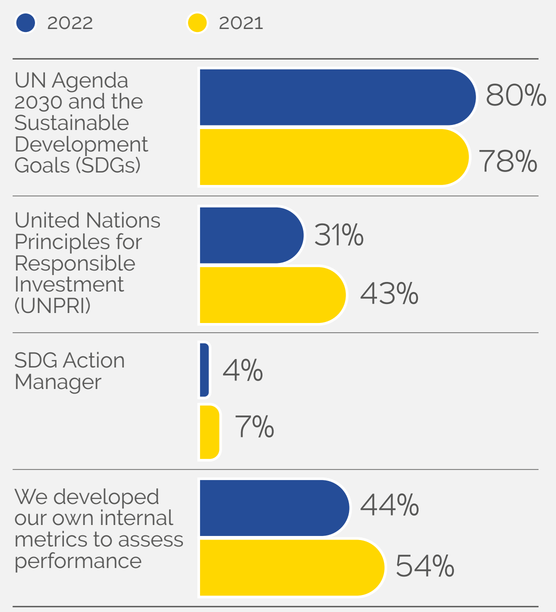
The United Nations Agenda 2030 and the SDGs are becoming widely adopted

Being able to effectively measure and report the environmental and social impact of sustainable investments is a key requirement of impact investing. Initially, investors had to develop their own methodologies. Today, standardised tools and frameworks are becoming widely adopted (**figure 3.5.**); despite these advances, 44% also rely on their own internal metrics to assess impact performance.

Foremost, 80% of respondents use the United Nations Agenda 2030 and the SDGs framework. Here investors would seek to make a (positive) contribution towards the 17 goals set out in **figure 3.4.**, and more specifically, the underlying 169 SDG targets and 232 unique indicators.

Thirty-one percent of respondents invest using the United Nations' six Principles for Responsible Investment.

Figure 3.5
Most commonly used tools to measure impact performance



Base: Respondents active in impact investing and philanthropy.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures do not add up to 100% due to multiple answers permitted.

Case study

Achieving sustainable shipping – an insight perspective from a family business

The Norstar Group is a first-generation family-owned shipping business which specialises in the transportation of energy cargoes. Run by two sons of a Captain, the business has always stood out for its commitment to creating a positive social and environmental impact in the shipping industry. They are now leveraging their foundations in shipping to implement their vision for sustainable global supply chain infrastructure and logistics focused on green hydrogen.

Chris Bonehill

Chris Bonehill and Tom Bonehill are sons of a sea Captain. They grew up in Southampton, a coastal city in Southern England. *"When we were kids, we were sailing, fishing or swimming in the sea,"* Chris says, smiling. *"Sometimes, we would look across the docks and see the ships coming in and out. It provoked our imagination – it opened the door to a whole different world."* Today, the brothers live thousands of miles apart, working for their globally operating family business which they co-own, the Norstar Group of Companies. Chris resides on the US East Coast in Connecticut where he has been for the last 10 years, while Tom lives in Singapore where he has been based for the last 25 years. The sea and the seafarers who sail on it are their most valuable resources. Both brothers feel a huge responsibility to protect the oceans and look after all too often forgotten people who work on ships to deliver the essential goods we all rely on for survival.

Chris, the CEO of the Norstar Group, initially started the company as a ship brokerage firm nearly 25 years ago at the age of 27. *"We were buying and selling ships on behalf of other ship owners and were making a commission on that. Eventually, we started to co-invest in deals."* In 2002, the company bought its first ship, a chemical tanker. The business specialises in shipping hazardous liquid and gas products worldwide. With global operations offering fully integrated services, the Norstar Group is industry-accredited and approved by the world's oil and energy majors. Shipping is a capital-intensive and high-risk industry. For Chris and Tom, this is precisely the reason why they have always taken social and environmental impact so seriously. *"We have seen poorly run ships, and mistakes are extremely costly in our business."* They explain that aligning their personal values facilitates commercial outcomes and risk mitigation. *"By investing in our crew's training, welfare, and medical support, it leads to a much more professional and efficient operation. It is cost-saving, and we can demonstrate that with our KPIs (Key Performance Indicators)."*

> It is a green revolution in our business, and it is great. I believe it will happen faster than everyone expects.
>
> **Chris Bonehill, CEO, Norstar Group**

Chris and Tom are proud of the positive impact they have achieved in the shipping industry, and they are excited about the next big challenge. ***"It is a green revolution in our business, and it is great. I believe it will happen faster than everyone expects,"*** says Chris. Ninety percent of world trade is transported by sea and shipping alone produces 3% of global greenhouse gas emissions. The world's fleet is burning 300 million metric tons of fossil fuels every year, roughly 5% of global oil production, and poses a major environmental threat to ocean sustainability and biodiversity. The International Maritime Organization (IMO), an agency of the United Nations, has adopted mandatory measures to reduce emissions of greenhouse gases from international shipping and to reduce the total annual GHG emissions by at least 50% by 2050 compared to 2008.

For Chris and Tom these sustainability goals are not ambitious enough. Leadership for positive social and environmental impact within a commercial operating business has always been one of their core principles. ***"Seafarers are the most important people in our industry, and we experienced first-hand what it is like to be in a seafaring family."*** The business provides fully integrated services and it was crucial for Norstar to assume direct responsibility for their seafarers, Tom says. ***"Some crew members spend up to nine months on board. We have a number of initiatives to support the well-being of crew, their families, and communities."*** When asked why they do it, Chris sits up straight. ***"It's the right thing to do, and we have one of the highest retention rates in the industry with over 95% of crew returning to our ships."***

Tom and Chris are convinced that creating a positive impact delivers better performance and will future-proof their business. The shock of the Covid-19 pandemic and its severe impact on the company gave them the opportunity to implement plans for where they want to take the business in the future. They knew their goal. ***"We want to be a pure green shipping company by 2030 and to extend our sustainability strategy for global supply chain infrastructure and logistics based on green hydrogen,"*** Chris says. Norstar are uniquely positioned for the green hydrogen revolution as they already have the established infrastructure and expertise for transporting hazardous liquids and chemicals. This allows the family-owned business to efficiently transition to the new energy economy. This year, the company has been selected to become the exclusive green supply chain infrastructure partner for a major end-user of green hydrogen. They will transport green hydrogen as ammonia on newbuilding zero-emission gas carriers burning zero-emission ammonia fuel. During the transition period to cleaner energy sources, they will also transport blue hydrogen (as ammonia) whilst global green hydrogen production is being established and scaled up.

The brothers feel they have a unique advantage in leading the green transformation of shipping, ***"Norstar is in a sweet spot. We can implement sustainability goals earlier than other shipping businesses not only due to our established credentials, but also by being family-owned; we have the flexibility to be more agile and innovative,"*** they remark. However, changing the industry still requires finding the


Tom Bonehill

Norstar is in a sweet spot. We can implement sustainability goals earlier than other shipping businesses not only due to our established credentials, but also by being family-owned; we have the flexibility to be more agile and innovative.

Tom Bonehill, Co-Owner, Norstar Group

right partners. *"Moving towards decarbonisation requires investments for the longer term. We see large private equity funds investing in our industry with a timeframe of five-to-seven years. They are out to double their money during that period at all costs."* Chris looks at his brother. Both agree that this traditional investment approach has not been helpful to support the essential industry transformations required. *"The industry needs investors with a time horizon of at least 10 years. We can achieve a lot in that time."* They also believe that investors need to be truly committed to the sustainability mission. *"Solving the climate crisis requires collaboration amongst consortiums of partners. No single person or entity can achieve this alone."* Chris continues, *"While it is important to achieve a return, investors also need to share these values and be vision-mission aligned."*

Tom and Chris know that being a first mover towards decarbonisation will allow their business to thrive in the future. Changes in consumer attitudes, the increasing awareness of the commercial sector, and rising concerns about the public image are pushing the green revolution in shipping ahead. *"The oil majors and big distributors, such as Amazon or Walmart, suddenly care about their supply chains and CO2 emission,"* Chris says. Moreover, investors are keen to make more capital-intensive environmentally focused investments, signalling a paradigm shift towards providing more patient capital into decarbonisation strategies and support for a green hydrogen economy. *"There are powerful financial drivers, which we have never seen before in our industry. If companies do not change, raising money will be very hard."*

Norstar Group Impact Framework and the United Nations Agenda 2030 and the Sustainable Development Goals

SDG #13 Climate action

DECARBONISATION

- Reduce and eliminate greenhouse gas emissions through operations and all activities
- Reduce Scope 3 Emissions (emissions not directly controlled by a company)
- Sustainable supply chains (e.g. in-port infrastructure, harbour craft)

SDG #14 Life below water

OCEAN SUSTAINABILITY

- Protect and restore marine environment and biodiversity
- Protect whales – nature's "ecosystem engineers" for decarbonisation

SDG #6 Clean water and sanitation

CLEAN ENVIRONMENT

- Optimise water resources and minimise the impact of shipping operations on the environment

SDG #5 Gender equality

EQUAL OPPORTUNITIES

- Optimise human capital by harnessing individual talents, skills, and experience without a gender bias
- Re-balance the shipping industry trend and provide more opportunities for women

SDG #7 Affordable and clean energy

LOW TO ZERO-EMISSION FUELS / NET-ZERO TECHNOLOGIES

- Utilise low or zero-emission fuels: LPG, green hydrogen, green ammonia, E-methanol
- Produce and supply green ammonia
- Integrate zero-emission technologies throughout operations

The global energy crisis, which was accelerated by the war in Ukraine, is once more emphasising the urgency to implement a global energy transformation. For Norstar, the crisis has reinforced their commitment to the United Nations Agenda 2030 and the Sustainable Development Goals and their collaboration with ecosystem partners (see table). Moving away from fossil fuels should take place without harming life under water. Chris and Tom know they can achieve this. *"Ocean sustainability has always been important to us,"* Tom says. *"We care about it because we have been close to it all along."* Chris agrees and adds, *"Leadership in sustainability and transforming global supply chain infrastructure and logistics is our family's legacy."* ■

> Leadership in sustainability and transforming global supply chain infrastructure and logistics is our family's legacy.
>
> **Chris Bonehill, Co-Owner, Norstar Group**

SDG #3 Good health and well-being

GLOBAL WELL-BEING

- Protect and support staff, crew, their families, and communities
- Contribute to a cleaner planet and exponential impact on health for all inhabitants
- Continue to be the industry role model for promoting / supporting global well-being

SDG #12 Responsible consumption and production

PROACTIVE RESOURCE MANAGEMENT

- Environmental Management Systems
- Reduce~Reuse~Recycle

SDG #17 Partnerships for the goals

MISSION-ALIGNED PARTNERSHIPS

- Constructive collaborations to scale up and create exponential impact
- Leverage flexibility of a family business in order to manifest mission

SDG #8 Decent work and economic growth

OPTIMISE ASSETS AND RESOURCES

- Elevate the skills, capabilities, and fulfilment of all staff and crew
- A galvanised team who feel proud to contribute to the success in accomplishing our sustainability and global well-being mission
- Apply creativity and entrepreneurial skills to expand "Business as a Force for Good" ethos

4.

Performance

Key findings*

- Eight in ten respondents (80%) think you do not have to give up returns when investing in impact. Among this group of respondents, 51% would say that investors can choose to target lower financial returns, or take on greater risk, but they do not have to give up returns in order to invest sustainably, while the remaining 29% think that there is no trade-off between financial returns and impact investing (**figure 4.1.**).
- For 77% of respondents, 2021 returns on impact investments met or exceeded expectations. Among respondents who have adopted impact investing as their primary investment approach, 85% assert their investments met or exceeded their expectations (**figure 4.2.**). Respondents also expect their impact investments to either outperform (37%) or perform at the same level as (44%) traditional investments five years from now (**figure 4.5.**).

4.1. Performance expectations

Chapter Three outlined the variety of strategic approaches to impact investing, and Chapter Four gives a review of performance. Impact investing used to be thought of as a 'low return' investment strategy. The most important lesson relayed by respondents is that impact investments can, in fact, generate solid financial returns while also delivering on social and environmental impact objectives. The following pages illustrate this point by highlighting investor experiences and their expectations for the future.

Most respondents believe that you do not have to give up returns to invest in impact

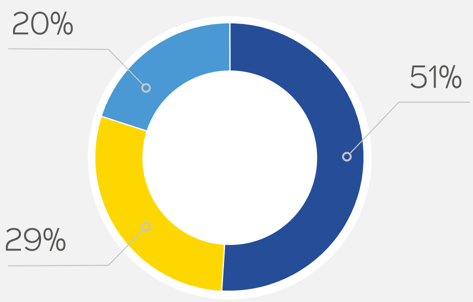
Only 20% of respondents believe that impact investing necessarily implies sacrificing future returns, while a vast majority (80%) think you do not have to give up returns when investing in impact. Among this group of respondents, 51% would say that investors can choose to target lower financial returns, or take on greater risk, but they do not have to give up returns in order to invest sustainably, while 29% think that there is no trade-off between financial returns and impact (**figure 4.1.**).

> I have clients who say, 'I don't want to hear about ESG. I don't want it in my portfolio. It is compromising my returns.' Typically, it is the older male generation. But some of those individuals have completely come around to it.
>
> **ESG adviser, asset manager, United Kingdom, Europe**

* Please note performance figures presented are self-reported based on the respondents' views and have not been verified. As such they do not represent the views of Campden Wealth Limited or the publication's Partners or Supporters. In all cases, past or predicted performance is no guarantee of future results.

> Today, we know that investing in impact is actually providing better returns than conventional growth equity.
>
> **Private investor, France, Europe**

Figure 4.1
Respondents' perceived relationship between impact investing and financial returns



- You can choose to target lower financial returns, or take on greater risk, but you do not have to give up returns for impact
- There is no trade-off between financial returns and impact
- You always have to give up financial returns if you invest in impact

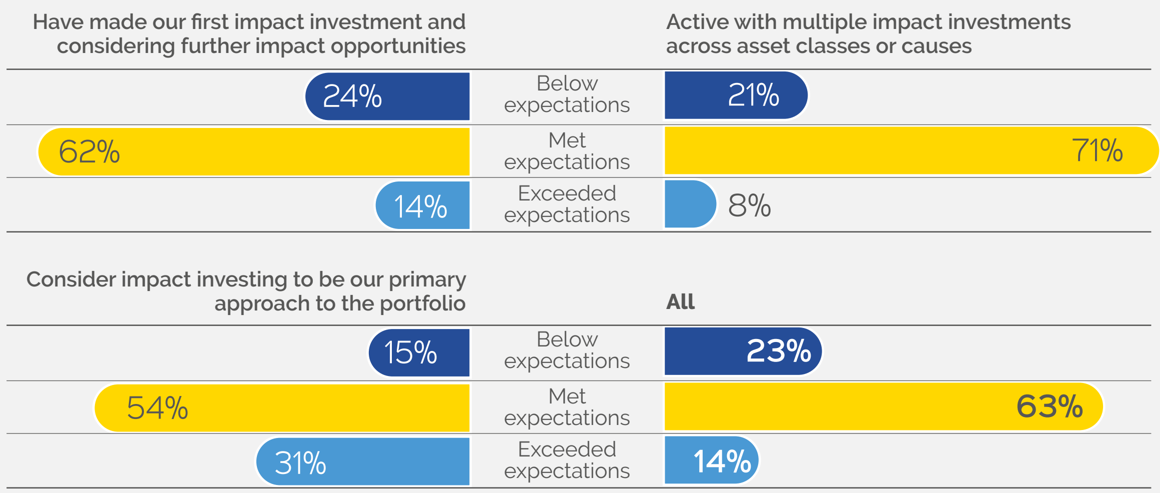
Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding

> You don't have to compromise returns as an active impact investor, but you have to be savvy, because it's very easy to get drawn into this pretty picture and not really look under the bonnet and see what's happening there.
>
> **Private investor, Canada, North America**

The bulk of impact investments met or exceeded financial return expectations in 2021

For 80% of respondents, 2021 returns on impact investment met or exceeded expectations (**figure 4.2.**). Among respondents who have adopted impact investing as their primary investment approach, however, the outcome was much better, with 54% meeting expectations and 31% outperforming (totalling 85%). Conversely, where respondents are new to impact investing (having made only one investment), the outcome was only in line with the average, with 76% meeting or exceeding expectations.

Figure 4.2
Investment returns in 2021 meeting expectations, by level of involvement in impact investing

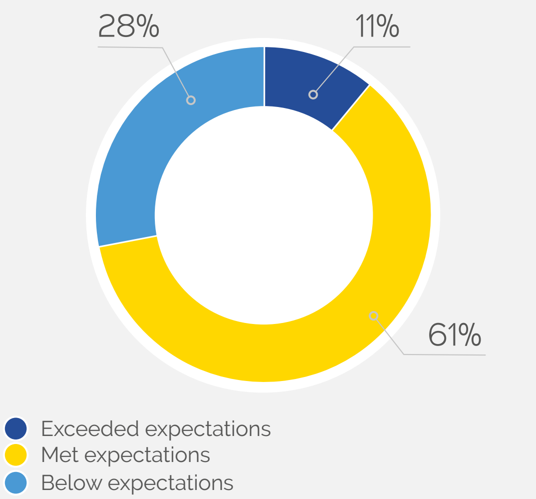


Base: Respondents active in impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.

82% of impact investments met or exceeded social / environmental expectations in 2021

Respondents are generally satisfied with the degree to which their impact investments met their environmental / social objectives, with 61% reporting that their expectations were met and 11% confirming their expectations were exceeded (**figure 4.3.**). However, 28% failed to meet expectations, a much higher percentage than the 15% recorded last year. Given the broad range in social / environmental objectives targeted, it is unlikely that there is a single cause behind this.

Figure 4.3
Whether impact investments in 2021 met their environmental / social objectives



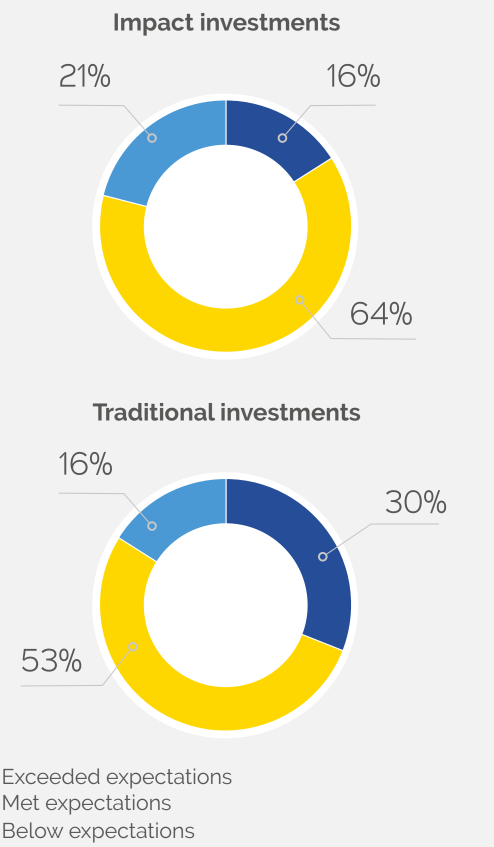
Base: Respondents active in impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Figures may not sum to 100% due to rounding.

> You can combine financial returns with having a positive impact on the environment.
>
> **Steven Hirth, Founder and Principal, S.H. Hirth and Associates (p. 42)**

Traditional investments met / exceeded expectations more than impact investments in 2021

Overall, financial returns on traditional and impact investments met or exceeded investor expectations at roughly the same level, 83% versus 80% respectively. However, respondents report that their traditional investments were more likely to financially outperform (30%) investor expectations than impact investments (16%) (**figure 4.4.**).

Figure 4.4
2021 financial returns meeting investors' expectations



Base: Respondents active in impact investing and respondents active in traditional investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

4.2. Performance experiences

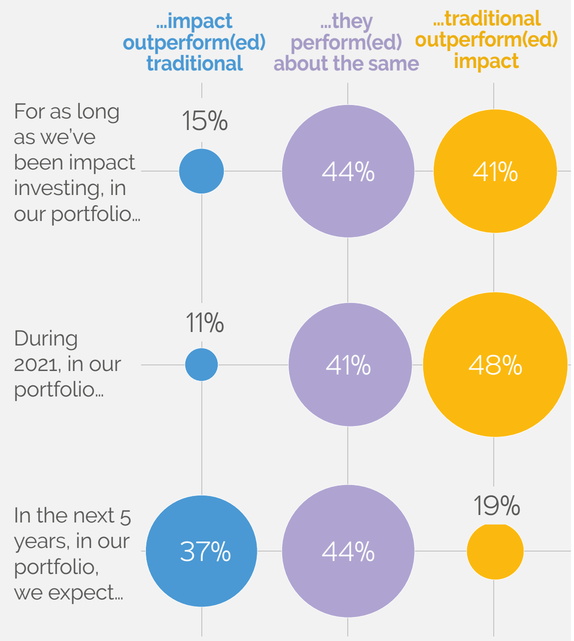
Investors perceive a bright future for impact returns

Figure 4.5. further drills down into the performance of impact investments vis-à-vis traditional investments. In terms of 2021 returns, 48% of respondents reported that their traditional investments outperformed their impact investments, while 41% said that they performed the same, and 11% reported that their impact investments outperformed traditional ones.

When returns are analysed over a longer term (i.e., over the entire period in which investors have held impact investments), 15% say that their impact investments outperformed traditional investments and 44% say they performed about the same.

Five years from now, respondents expect impact investments to either outperform (37%) or perform at the same level as (44%) traditional investments, reflecting broadly positive sentiment about this rapidly growing sector.

Figure 4.5
Respondent portfolio performances of impact and traditional investments compared



Base: Respondents active in impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding

> I think it's a good time to invest in impact. The regulatory framework in Europe is creating tailwinds helping a number of companies to grow faster. Moreover, net-zero targets create opportunities for companies to transform.
>
> **Private investor, France, Europe**

> Moving towards decarbonisation requires investments for the longer term. We see large private equity funds investing in our industry with a timeframe of five-to-seven years. They are out to double their money during that period at all costs.
>
> **Tom Bonehill, Co-Owner, Norstar Group (p. 32)**

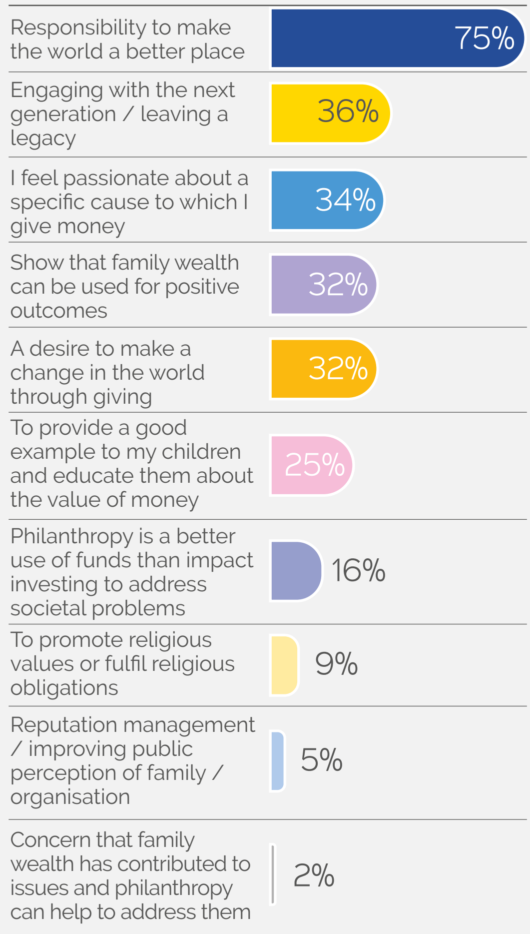
4.3. Foundations' and philanthropists' experience

Traditionally the most popular approach to "doing good", philanthropy remains essential for individuals and families who want to drive social and environmental change. Unlike impact investing, philanthropy does not create a financial return but is a donation-based approach to giving. The following section analyses respondents' motivation to engage in charitable giving, their allocations to philanthropy, as well as their views on the role of philanthropy vis-à-vis impact investing.

The core motivation to give philanthropically: To make the world a better place

Philanthropy provides an opportunity to give back to society and effect societal change (**figure 4.6.**). Respondents report that their primary motivation comes from a sense of responsibility to make the world a better place (75%). A further 36% want to establish a legacy as a vehicle for engaging with the next generation and, alongside this, 32% are keen to demonstrate that family wealth can be used to achieve positive outcomes. Thirty-four percent make charitable donations for the simple reason that they passionately believe in a cause.

Figure 4.6
Motivations for engaging in philanthropy



Base: Respondents active in philanthropy.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures do not add up to 100% due to multiple answers permitted.

> Foundations are independent, flexible, fast in action and are born with a long-term view. They are not bound to electoral / political government cycles. Furthermore, they are not under the same pressure as private investors from their shareholders to deliver immediate financial returns. This flexibility – together with their ability to devote patient capital to testing innovative practices that can later be scaled up through multi-stakeholder partnerships – has led some to regard foundation's funding as 'development risk capital'.
>
> **Carola Carazzone, Vice President, Philea and Secretary General, Assifero**

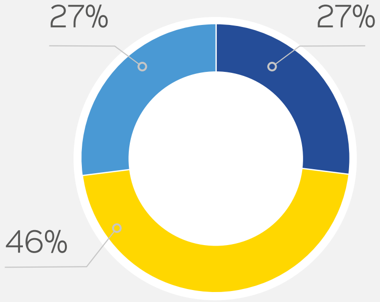
Measuring impact is important to philanthropists

Figure 4.7. demonstrates that measuring impact is important to most philanthropists (73%). Specifically, 27% of philanthropists indicate that such measurement is so critical that they will not donate without it. Measurement is also important to a further 46% of respondents, but their investment decision-making is not wholly contingent on it. For the remaining 27%, measurement is nice to have, but less important than the opportunity.

8 in 10 believe their philanthropy met or exceeded their social and environmental objectives

Two-thirds of respondents (67%) state that their 2021 philanthropic giving met their expectations for achieving social and environmental objectives. Similar to last year, 13% even said that their philanthropic activities outperformed expectations (14% last year). Twenty-one percent say that their philanthropy has performed below expectations (**figure 4.8.**), up from 14% the previous year.[10]

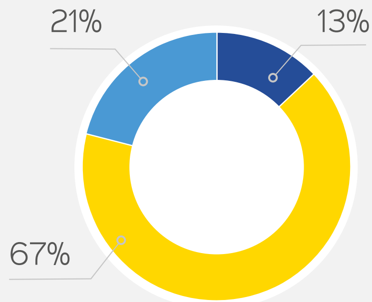
Figure 4.7
Whether measuring impact is important to philanthropic giving



- Minor, we focus on the investment opportunity and worry less about the reporting
- Important, we want to know what measurement and reporting takes place, it is part of our decision-making
- Critical, we will not invest / give without high-quality, detailed measurement and reporting

Base: All respondents active in philanthropy.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.

Figure 4.8
Philanthropic giving meeting performance expectations meeting social and environmental objectives in 2021



- Exceeded expectations
- Met expectations
- Below expectations

Base: Respondents active in philanthropy.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding

> Foundations are able to build close relationships with their grantees, providing seed capital, long-term technical knowledge, and the management capacity they require to achieve self-sufficiency. Their comparative advantages as development partners also include their unique potential to leverage funds and build multi-stakeholder partnerships around specific development issues.
>
> **Carola Carazzone, Vice President, Philea and Secretary General, Assifero**

[10] Investing for Global Impact: A Power for Good, 2021, Campden Wealth / GIST / Barclays Private Bank, p.40

Case study

Philanthropy, the next generation, and the value of impact investing

Steven Hirth

Steven Hirth is a second-generation wealth-holder who believes that family and community are most important in life. As the son of immigrants who survived World War II, Hirth learned about the importance of helping each other early on. *"My parents instilled in me the importance of supporting our community. We often went personally through the neighbourhood, collecting donations for the local museum, the hospital, or other local and national organisations. A lesson my parents taught me was accountability and being present. Personally showing up and asking questions often makes a big and positive difference."*

Continuing what his parents taught him, Hirth's family foundation funds projects in health and education. When asked why he supports these causes, he says, *"We support causes in education because it often allows you to go anywhere in the world and have a livelihood. So we are supporting my alma mater and other institutions with scholarships. We also support health causes because, as a kid, I was exposed to many illnesses in the family and in our circle of friends. Currently, we are collaborating on a national campaign to eradicate the stigma around mental health and addictions. We aim to fight depression, which can affect everyone in our society."*

> I have always said, impact is when one creates jobs / opportunities, so people may feed themselves, pay their mortgages, send kids to schools, and cover their medical bills. Today, we are linking impact with the environment and ESG. This has become a real movement.
>
> **Steven Hirth**

When it comes to impact, Hirth admits that he is not an impact investor in the more current sense. *"I have always said, impact is when one creates jobs / opportunities, so people may feed themselves, pay their mortgages, send kids to schools, and cover their medical bills. Today, we are linking impact with the environment and ESG. This has become a real movement."* Being a father of two, Hirth recalled that his eldest son first challenged his way of thinking. *"My son was a positive catalyst in our family, and I give him a lot of credit for changing how we consume at home. At first, I thought he was too drastic, but I became more sensitive and aware with time. These days, we are eating more organic food and using products that are less damaging to the environment. At times the food or items we buy may cost more, but my family and I choose to be part of the solution and not the problem. I truly believe that, slowly and surely, we will collectively achieve a more sustainable way of living."*

Taking inspiration from his younger son, Hirth is happy to be challenged. *"About five months ago, our younger son said that he wants to get* *involved with the foundation. He is still studying and exploring, and there are many things that he cares about. He is concerned with the environment, organic food, human rights, and other important causes. Some of these topics were previously on the fringe of public debate but now they are front and centre."* When asked to what extent his youngest influenced his views, he says, *"These are completely different issues to when I grew up. His mother and I feel it is a responsibility and a privilege to support our sons, who represent the next generation. I want to do so 'within reason' because I don't have to agree with them on everything. I am simply trying to be open and to hear them out."*

When asked how he plans to work with his youngest son, Hirth says he is keen to map out his future role at the family foundation. *"He has already attended a few meetings. He will take some classes and also participate in different events with other families and organisations to learn some 'best practices' from them. When ready, he will become more engaged and one day a board member, but there is still time to grow into the role and the responsibilities. Looking ahead, I am sure that he will leave his mark. He has a very good heart and soul."*

On the topic of climate change, a subject the next generation is very passionate about, Hirth takes a more rational approach. *"We can't save the planet. The planet will take care of itself. We need to work on saving ourselves. We will continue to make mistakes like our ancestors did. However, by strengthening ourselves with the appropriate tools, the right awareness, and proper education, we will positively impact the planet and ourselves. For me personally, it is also about acceptance. Things don't have to be the way I know them to be. This is our world collectively, and the next generation will shape this world in their own way. I don't have to agree with everything, but I should do my best to understand and to accept it as much as possible. This is why we firstly need to listen more to our children and then talk more with them. This will strengthen our family ties and ultimately strengthen the world."*

Listening to his sons and observing changes in the investing landscape, Hirth is aware that previously the investment industry has been somewhat narrow-minded. *"When one sees a financial adviser, he / she is shown a chart with the current asset allocation. It's stocks, bonds, real estate, private equity, etc. Maybe it also includes cryptocurrencies. It doesn't ever include family! We should be asking, 'What are we investing in? How are we helping the family with it? What are we allocating for teaching our kids about business, philanthropy, and the responsibilities of owning wealth?' Some of what they learn about investing should be taught in school, while other aspects should be taught by their parents. Earlier, rather than later, we have an obligation to instil in them that the 'we' is as important as the 'I.' Self value and value to the family / community is on a par with financial values."*

> Things don't have to be the way I know them to be. This is our world collectively, and the next generation will shape this world in their own way.
>
> **Steven Hirth**

He therefore appreciates the rise of sustainable investing. *"What has changed now is that people openly care more for the environment and other causes. They say, 'We are looking for investors who share our values.' I know for some this is just 'lip service' but others are truly genuine. This is a new and fantastic development. It allows investors to get involved in deeper discussions with your potential business partners. Marriage is cheaper than divorce, I always say."* So far, Hirth has made a few sustainable investments and is excited to explore more. *"You can combine financial returns with having a positive impact on the environment. Right now, I am invested in a photovoltaic company, a SaaS agriculture company, and I am doing due diligence on two companies in air and water purification. I am keen to learn more about what is happening in these markets. I would not have done that several years ago."*

Considering the massive changes to the investing landscape in recent years, Hirth feels that the investment industry is moving in the right direction. Engaging in sustainable investing allows him to connect with his sons and to learn from them. He hopes to leave them with a positive legacy: *"I hope that when I pass away one day, people will come up to my children and say, 'Your father made a positive difference in my life.' I hope they will hear about what I did and say, 'This is something I would like to carry on.'"* ■

5.

Industry challenges and opportunities

Key findings

- Signalling a maturing industry, 78% of impact investors believe that the industry has now progressed from infancy. While 18% believe that it is in the "take off" stage of development, the majority (54%) believe the impact investing space will continue to grow steadily (**figure 5.1.**).

- According to 96% of respondents, moderate / significant progress has been made in advancing the common understanding of definitions and segmentation of the impact investing market, followed by the sophistication of impact measurement and management practice (95%). Nearly all respondents (94%) believe that progress has been made on the availability of high-quality investment opportunities (fund or direct) with a proven track record (**figure 5.3.**).

- A vast majority of respondents (75%) report that they are concerned about making an investment that is greenwashed (**figure 5.6.**). Impact / greenwashing is also ranked as the top challenge in impact investing over the next five years, according to 48% of respondents (**figure 5.5.**).

5.1 Market perspective

Having grown rapidly over the past decade, impact investing has established itself as a permanent feature in today's investment landscape. The result is an increasingly dynamic space, with professionals swarming into the market, industry standards coalescing and increasing product diversity and availability. While this professionalisation fuels optimism about progress in the industry, challenges remain. The following chapter dives into the subject and outlines the hurdles that investors are facing.

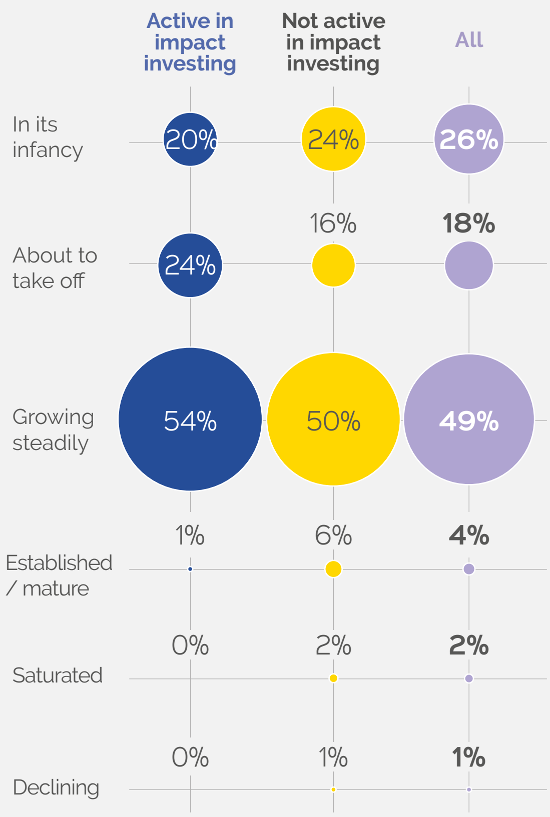
Impact investing: A maturing industry

A vast majority of respondents (76%) believe that the impact investing industry is no longer in its infancy. While 18% believe that it is about to take off, the majority (52%) believe it is growing steadily.

Comparing active impact investors to traditional investors, 24% of impact investors see the industry as being ready to take off compared with only 16% of traditional investors. Twenty-four percent of traditional investors still see the market as being in its infancy (**figure 5.1.**).

A vast majority (78%) of impact investors assert that the industry is about to take off / growing steadily, reflecting confidence about the market among those who are already active in the space. In comparison, 66% of those not active in impact believe the same, showing that both investor types think quite similarly about market development (**figure 5.1.**).

Figure 5.1
Views on the development of the current impact investing market



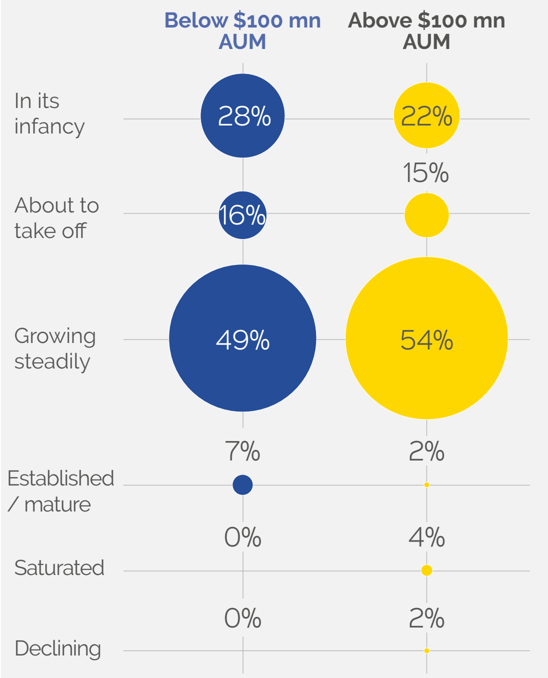
Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

> [Theatre] is about telling stories. Don't allow it to become a lecture. It is about keeping human storytelling traditions alive and making them relevant today...
>
> This makes it a uniquely positive investment opportunity.
>
> **Nicholas Allott (OBE, Order of the British Empire), Vice Chairman of Cameron Mackintosh Limited**

Wealthier investors are more confident that the industry is growing

Investors' views on market development differ among those with an AUM below and above US$100 million. While the largest proportion of investors with smaller portfolios think that the market is growing steadily (49%), a significant 28% also believe that the impact investing market is still in its infancy. Interestingly, only 7% of these investors say that the market is established / mature (**figure 5.2.**). Meanwhile, investors managing over US$100 million in assets see the market as being past the early stages and now growing steadily (54% versus 49%).

Figure 5.2
Views on the current impact investing market by wealth level



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding

5.2 Industry challenges and opportunities

Most progress has been made in understanding definitions and segmentation of the impact investing market

As the impact investing space matures, investors better understand it. In turn, their expectations are rising. When asked about the progress impact investing has made over the past 10 years, respondents this year were more reluctant to credit the space with making significant progress across all categories (**figure 5.3.**).[11]

However, according to 94% of respondents, most progress has been made in advancing our common understanding of definitions and segmentation, followed by the sophistication of impact measurement and management practice (95%). Nearly all respondents (94%) believe that progress has been made on the availability of high-quality investment opportunities (fund or direct) with a proven track record.

Notably, there are mixed views on the availability of impact investing experts. While a majority (87%) believe that progress has been made in relation to access to professionals with relevant skill sets, a significant 13% disagree. Similarly, 78% of respondents say that progress has been made over the past 10 years in creating suitable exit options, contrasting with 21% who disagree (**figure 5.3.**).

> Companies publish sustainability reports. The big problem is that not all of the resources are of a great quality. You have to apply a high level of scrutiny to them.
>
> ESG adviser, asset manager, United Kingdom, Europe

Impact measurement and greenwashing are the biggest challenges in impact investing

Nearly all respondents (98%) agree that the sophistication of impact measurement and management practice is a challenge in the current impact investing industry, with 76% saying it is a significant one. Ranked second is the challenge of inhibiting greenwashing (95%), followed by the need to develop a common understanding of definition and segmentation of the impact investing market (93%) (**figure 5.3.**).

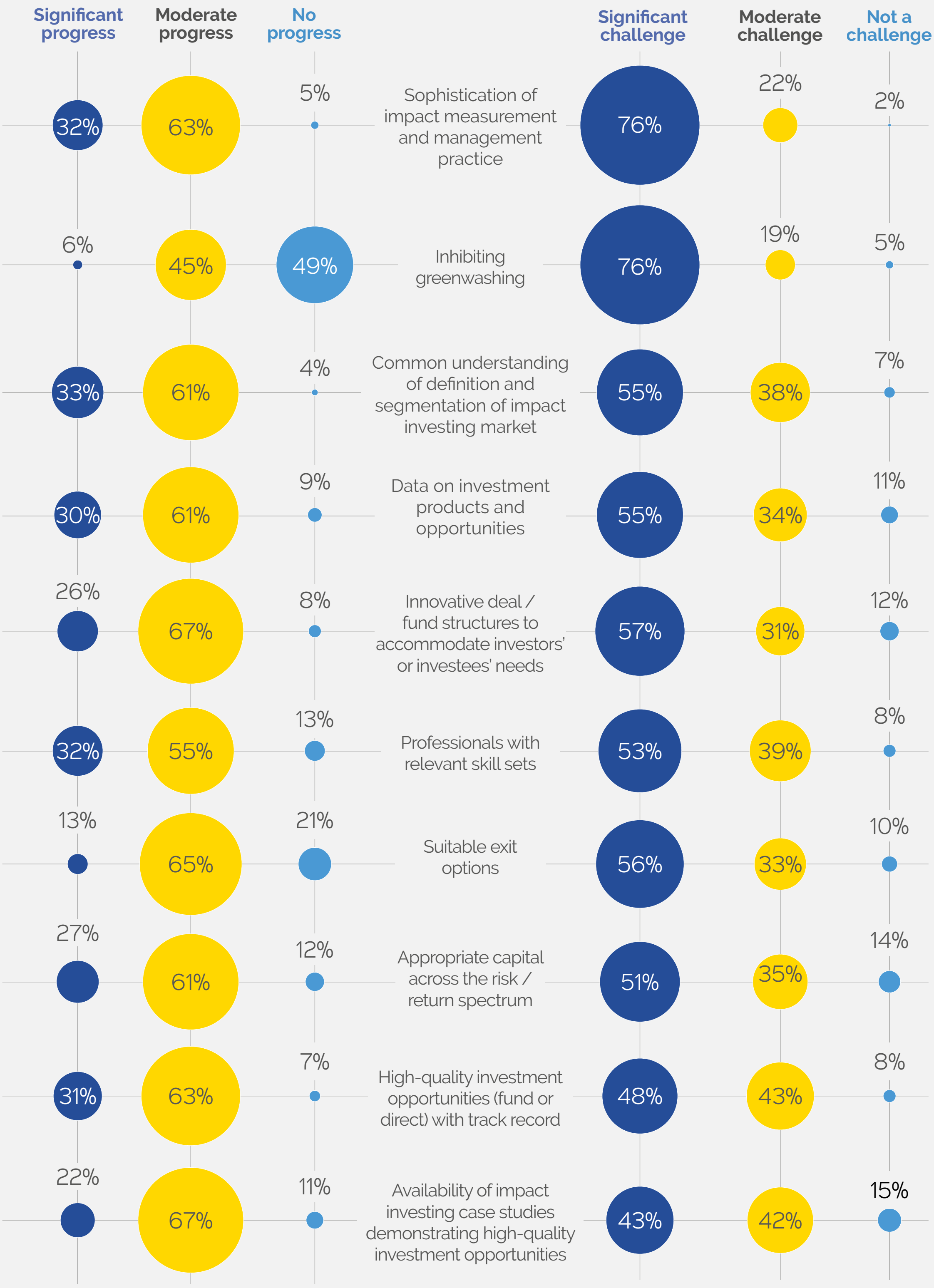
We also find that 15% of respondents now say that the availability of impact investing case studies demonstrating high-quality investment opportunities is not a challenge (anymore), an improvement from 10% last year.[12] As more information is compiled and distributed widely, past success stories, such as those featured in the *Investing for Global Impact* research series, are coming to the attention of investors.

> There are many shades of green within impact.
>
> Private investor, France, Europe

> Impact measurement and missing exit options are remaining challenges in my view.
>
> CIO, single family office, Liechtenstein, Europe

[11] Investing for Global Impact: A Power for Good, 2021, Campden Wealth / GIST / Barclays Private Bank, p.47
[12] Ibid

Figure 5.3
Respondents' perception of the progress impact investing has made over the past 10 years and how significant the following challenges are in relation to impact investing's market development



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

Investors are looking for a strong impact and financial track record in impact funds / products

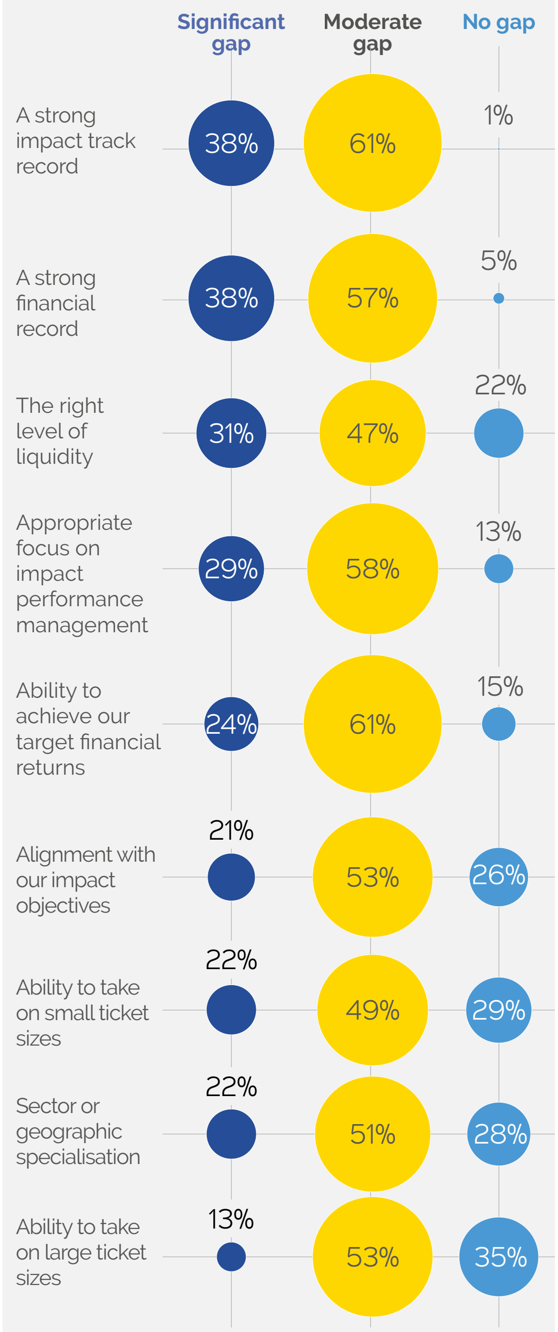
When respondents were asked where they see the greatest gaps in available impact funds and products, they near-unanimously agreed there were gaps with investments' ability to deliver strong social / environmental impact and financial track records (99% and 95%, respectively) (**figure 5.4.**). The findings affirm that measuring impact and proving financial success of impact funds / products is critical for the future success of impact investing as a whole.

With regards to the accessibility and diversity of products, the impact space performed better, with 35% of respondents facing no obstacles in taking on large ticket investments and 29% saying the same about small ticket investments. Another 28% have no issues finding impact funds / products with a sector or geographic specialisation (**figure 5.4.**).

> Impact investing boomed but there wasn't the talent to underpin that boom. It is still a fine art to identify risks in this sector.
>
> **ESG adviser, asset manager, United Kingdom, Europe**

> When people gain more experiences in the impact investing industry, the quality of investments will rise and you will get better information about your particular investment products.
>
> **CIO, single family office, Liechtenstein, Europe**

Figure 5.4
Where respondents see the greatest gaps in available impact funds and products



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures do not add up to 100% due to rounding and exclusion of N/A.

Greenwashing is deemed the greatest challenge over the next five years

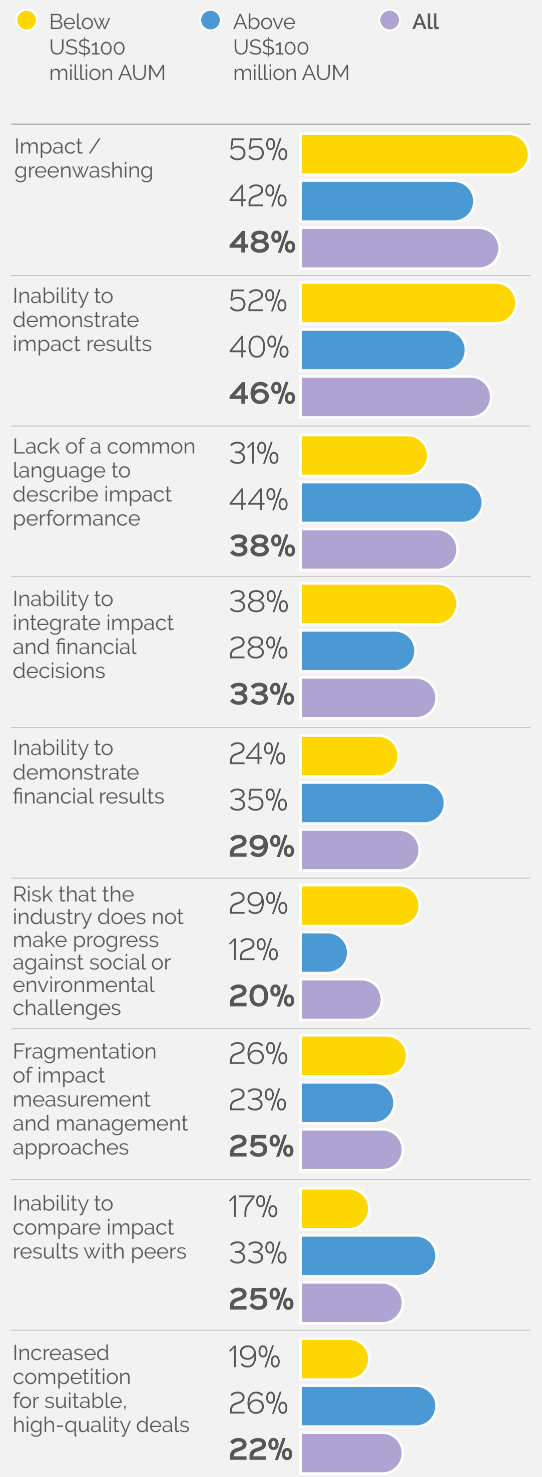
Drilling down on the immediate challenges in impact investing, nearly half of those surveyed (48%) rank impact / greenwashing as a key challenge over the next five years. Forty-six percent see the inability to demonstrate impact results as a significant challenge, while another 38% say the lack of a common language to describe impact performance is a critical hurdle (**figure 5.5.**).

Different investor profiles emerge when we compare responses on greatest challenges in the industry by wealth level. Investors with an AUM above US$100 million strongly care about the lack of a common language to describe impact performance (44%). Among those with an AUM below US$100 million, 55% say that impact / greenwashing is the greatest industry challenge over the next five years, compared to 42% for higher AUM band respondents (**figure 5.5.**).

Both investor types rank the inability to demonstrate impact results as the second most important challenge (40% for those with an AUM above and 52% below US$100 million), underlining the fact that many investors are looking to prove the positive impact of their investments (**figure 5.5.**).

> Greenwashing is still a challenge. I always wonder if these people are really doing what they say they are doing.
>
> **CIO, single family office, Liechtenstein, Europe**

Figure 5.5
Greatest challenges in the impact investing industry over the next five years by AUM



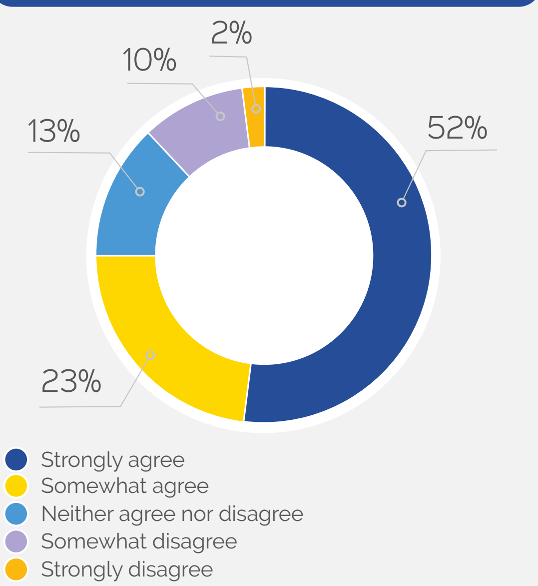
Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures do not add up to 100% due to multiple answers permitted.

Concerns over greenwashing have increased significantly

Supporting the earlier findings in this chapter, a vast majority of respondents (75%) report that they are concerned about making an investment that is greenwashed (**figure 5.6.**). The strength of these worries has notably increased compared to last year, with 52% of respondents saying they were strongly concerned about making a greenwashed investment, compared with 46% last year.[13]

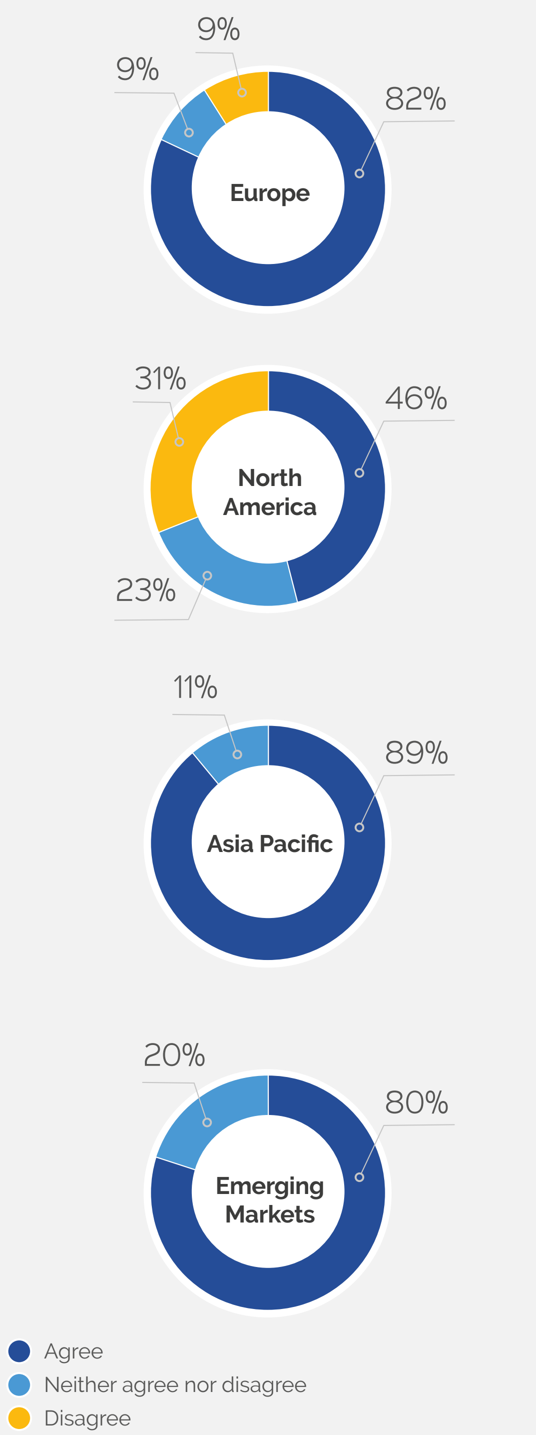
There are some significant differences in concern about greenwashing across regions. While the vast majority of investors in Asia-Pacific, Europe, and the emerging markets are concerned about making an investment that is greenwashed (89%, 82%, and 80%, respectively), in North America, only 46% share this concern (**figure 5.7.**).

Figure 5.6
I am concerned about making an investment that is greenwashed



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Figures may not sum to 100% due to rounding.

Figure 5.7
I am concerned about making an investment that is greenwashed (by region)



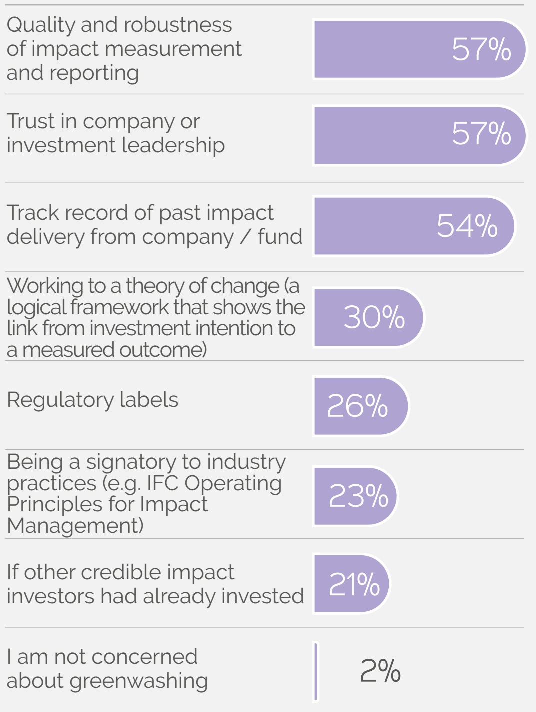
Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Figures may not sum to 100% due to rounding.

[13] Investing for Global Impact: A Power for Good, 2021, Campden Wealth / GIST / Barclays Private Bank, p.49

Trust and quality impact measurement would alleviate concerns over greenwashing

When asked which factors would alleviate their concerns about greenwashing, over half asserted that trust in a company / the investment leadership, and the quality / robustness of impact measurement and reporting would do so (each 57%) (**figure 5.8.**). Over half of respondents (54%) say the track record from the company / fund past impact delivery would make them less concerned about greenwashing, a figure that is higher than that reported last year at 45%.[14]

Figure 5.8
Factors that would alleviate concerns about greenwashing



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% as multiple answers were permitted.

Lack of a proven track record is a major barrier to scaling up

Incorporating new investors into impact investing and increasing capital allocated from existing ones is key to scaling up the impact arena. When asked to specify the barriers to starting or increasing their activity, over a third of respondents (35%) reported the lack of high-quality investment opportunities (fund or direct) with proven track records. Reflecting the need for better reporting, 33% say that the low sophistication of impact measurement is a high hurdle (**figure 5.9.**).

> I choose investments that I understand well. I encourage others to do the same. Go to the industry you know well and where you can create an impact. Don't just follow the next big thing because everybody says so.
>
> Next Gen family member, Austria, Europe

Theory of change - a logical framework that shows the link from investment intention to a measured outcome

However, nearly one-third (30%) indicated their preference to separate activities driven by a desire for social benefits from those driven by a desire for financial returns. This may indicate a limit to the number of investors who actively engage in impact investing.

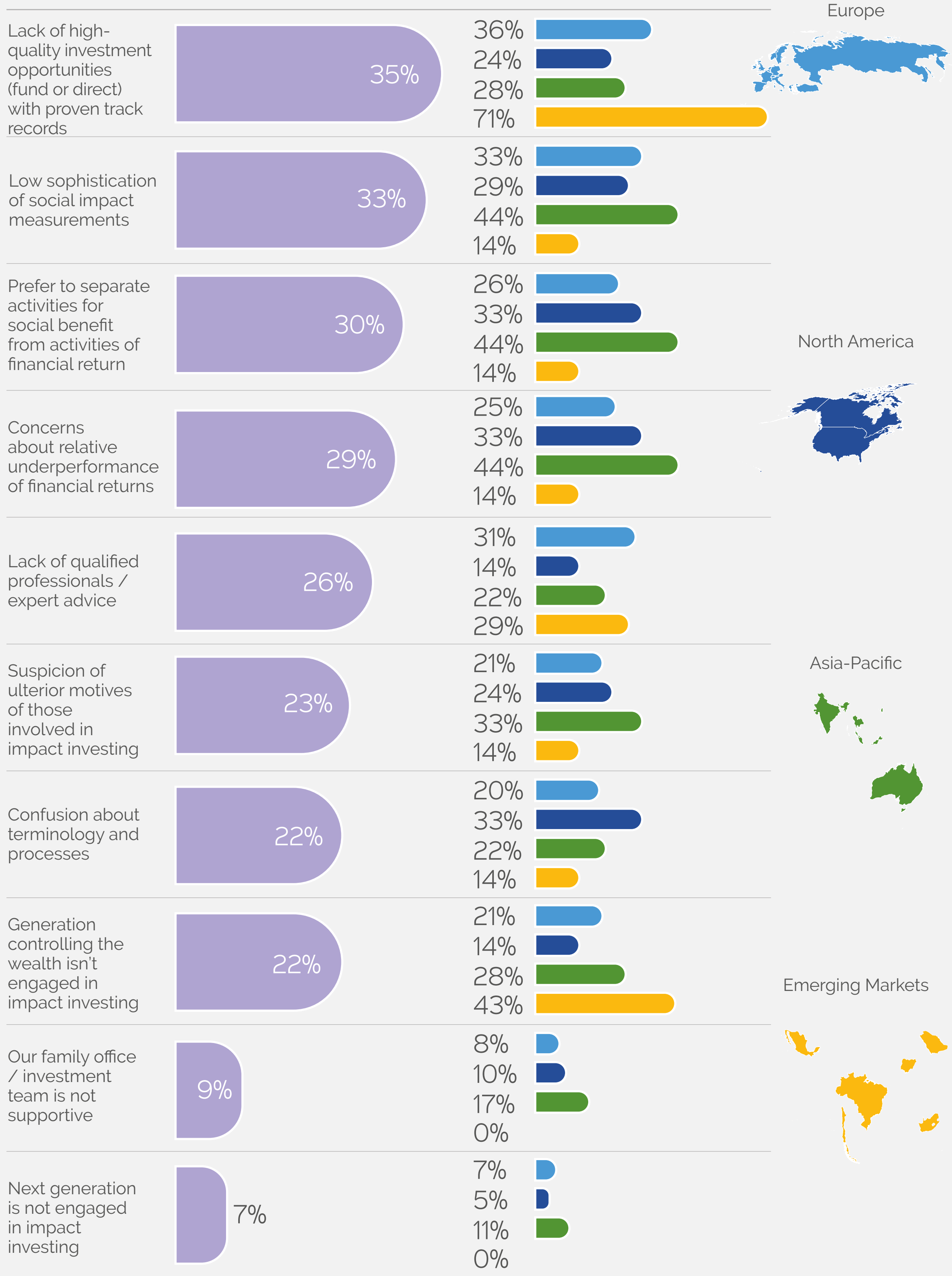
Barriers to impact investing: a regional perspective

Broken down by region, respondents' views differ in certain areas, with those from North America diverging most. Reflecting more traditional mindsets, those based in North America are more likely to report that the relative underperformance of impact investments' financial returns and their own desire to separate their socially beneficial initiatives from their investments are key barriers to starting / further engaging in impact (each 33%). They are also more likely to experience confusion over impact terminology and processes, with 33% reporting that this is a major barrier (**figure 5.9.**).

[14] Investing for Global Impact: A Power for Good, 2021, Campden Wealth / GIST / Barclays Private Bank, p.49

Figure 5.9
Barriers to starting / increasing impact investing activity (all regions)

Figure 5.10
Barriers to starting impact investing by region



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures do not add up to 100% due to multiple answers permitted. Emerging markets include: Brazil, Chile, Israel, Lebanon, Mexico, Nigeria, Saudi Arabia, South Africa, United Arab Emirates.

Respondents from Europe most often highlight the lack of qualified impact professionals / expert advice, with 31% perceiving this to be a major barrier to impact investing (compared with 22% in Asia-Pacific, 29% in emerging markets, and 14% in North America).
In contrast, emerging market economies tend to struggle more with inter-generational differences in investment preferences, with 43% reporting that the generation controlling the wealth is not engaged with impact investing (compared with 28% in Asia-Pacific, 14% in Europe, and 21% in North America) (**figures 5.9., 5.10.**).

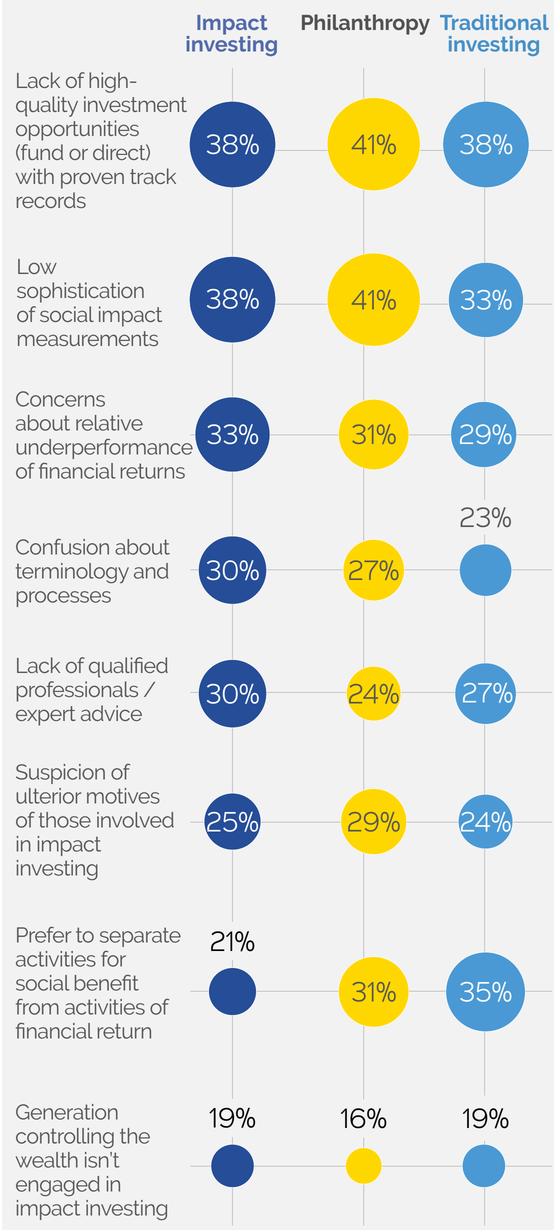
In Asia-Pacific, the barriers most often highlighted are related to concerns about relative underperformance of financial returns, which is ranked alongside the low sophistication of impact measurement and the preference to separate activities for social benefit from those seeking financial returns (each 44%).

Traditional investors and philanthropists continue to favour a 'two-pocket approach' of separating investing from charitable giving

When comparing the views of different types of investors (traditional and impact) and philanthropists on the main barriers to impact investment, the result is somewhat unsurprising. Traditional investors and philanthropists favour a 'two-pocket approach', with both groups preferring to separate activities intended for social benefit from activities intended for financial returns (31% and 35%, respectively). In contrast, only 21% of impact investors say the same.

Aside from this, investors largely agree that the lack of high-quality investment opportunities (fund or direct) with proven track records and the low sophistication of impact measurement are the top two barriers to starting / increasing one's activity in impact investing (**figure 5.11.**).

Figure 5.11
Barriers to starting / increasing impact investing by type of investor



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures do not add up to 100% due to multiple answers permitted.

Measuring impact remains the biggest challenge in philanthropy

Reaffirming findings from previous years,[15] measuring the impact of philanthropic activities continues to be the biggest challenge for 53% of those active in the space. The difficulty in identifying good organisations to support is a major challenge for 45%, reflecting a significant increase from 17% last year (**figure 5.12.**).

Figure 5.12
Views on challenges in philanthropy

Base: Respondents active in philanthropy.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures do not add up to 100% due to multiple answers permitted.

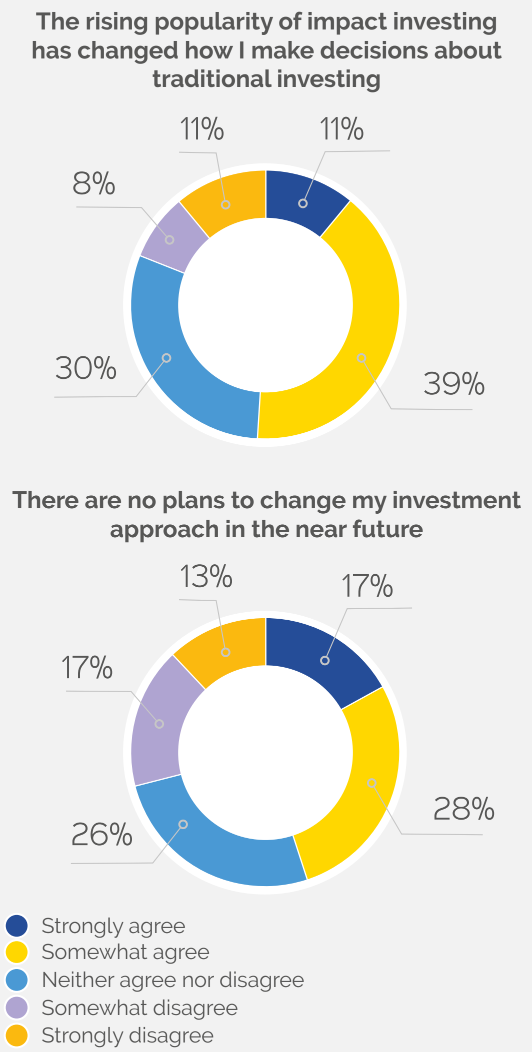
5.3 Bringing in new players

The popularity of impact investing is influencing the decisions of traditional investors

Respondents were asked whether they agree or disagree with a variety of statements. Half of the traditional investors surveyed (50%) agree that the rising popularity of impact investing has changed how they make decisions about traditional investing. Thirty percent remain neutral on the topic, while only 19% disagree with the statement (**figure 5.13.**). This suggests that impact investing is influencing the investment thinking of traditional investors and causing ripple effects in the wider investment landscape.

When asked about their plans to change their investment approach, in general, traditional investors appeared to be open-minded. Thirty percent state that they plan to change their investment approach in the near future, while 26% remain undecided / neutral on the topic.

Figure 5.13
Views of traditional investors on impact investing



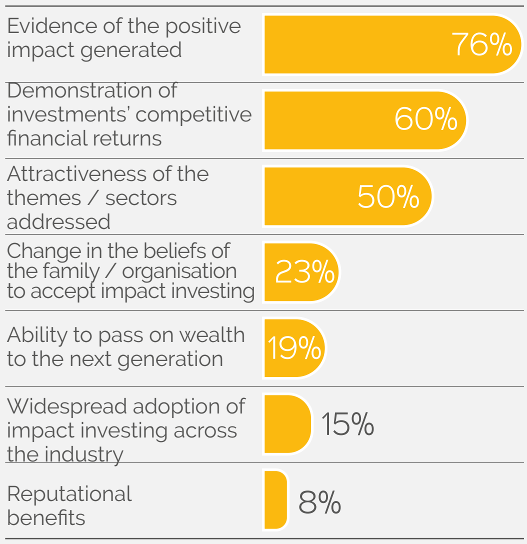
Base: Respondents not active in impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

[15] Investing for Global Impact: A Power for Good, 2021, Campden Wealth / GIST / Barclays Private Bank, p.50; Investing for Global Impact: A Power for Good, 2020, Campden Wealth / GIST / Barclays Private Bank, p.52

Traditional investors say evidence of positive impact generated is most important

When traditional investors were asked what factors would be most important to starting out in impact investing, they emphasised portfolio-related factors, such as financial and impact performance. Specifically, 76% of those not currently active in impact rank evidence of the positive impact generated as most important, followed by a demonstration of investments' competitive financial returns (60%) and the attractiveness of the themes / sectors addressed (50%). Reputational benefits appear to be least important to those surveyed (8%) (**figure 5.14.**).

Figure 5.14
Most important factors for those starting out in impact investing



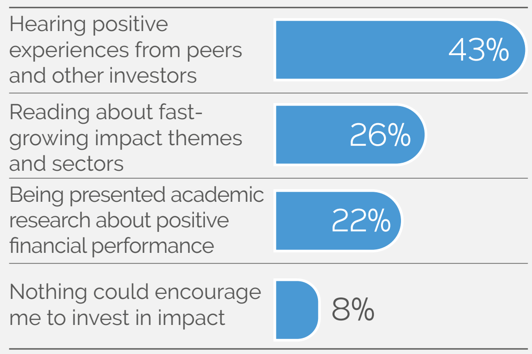
Base: Respondents not active in impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures do not add up to 100% due to multiple answers permitted.

Some traditional investors can be convinced to make investments in impact

Signalling an open-mindedness yet again, the vast majority of traditional investors (91%) report that they could be persuaded into making impact investments. A notable 43% say they would consider making such investments if they were to hear positive experiences from peers and other investors (**figure 5.15.**). This reflects a common approach among investors who source deals through their network of personal connections.

Literature and research on impact investing appear to be less effective in convincing traditional investors to change their approach. Only 26% and 22%, respectively, would consider making an investment in impact because they have read about fast-growing impact themes / sectors or because they were presented with academic research about positive financial performance. Just 8% noted that nothing could encourage them to invest in impact.

Figure 5.15
Factors that would convince traditional investors to start making investments in impact



Base: Respondents not active in impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures do not add up to 100% due to multiple answers permitted.

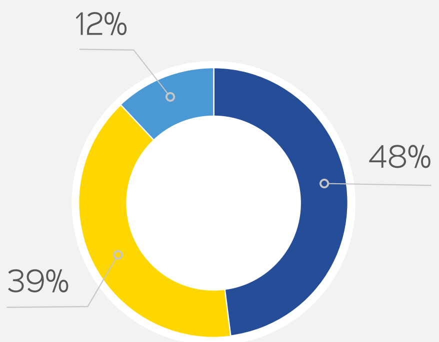
5.4 Wealth advisers and sustainability

Investors' opinions on new adviser sustainability regulations

Around the world new and forthcoming regulations are requiring advisers to consider the sustainability preferences of their clients when investing. Nearly half of our respondents (48%) would provide answers to questions about their preferences but they would want to understand the implications before any portfolio changes were made (**figure 5.16.**).

A further 39% would want to ensure that their preferences were clearly expressed to their adviser and that the portfolio was aligned with their values.

Figure 5.16
Views on new regulations requiring advisers to consider the sustainability preferences of their clients when investing



- I would provide answers but would want to understand the implications before making portfolio changes
- I would want to express our preferences and align the portfolio with our values
- I don't want to apply sustainability preferences to our portfolio

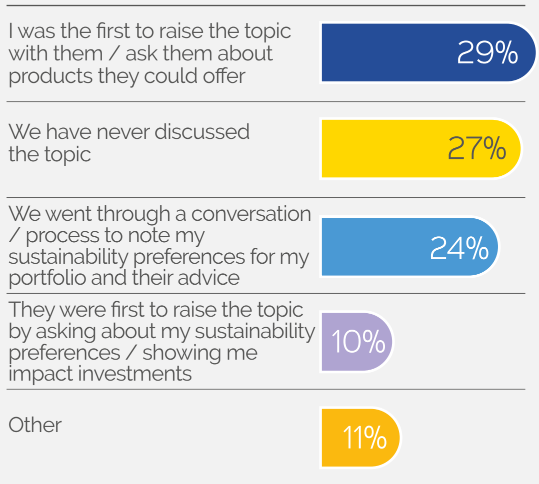
Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

Impact investing is still not on the agenda for many wealth advisers

Twenty-seven percent of respondents disclosed that, in their meetings with wealth managers, bankers, and consultants, the topic of impact investing has never been discussed. When it has been discussed, this is most commonly because respondents raised it themselves (29%). Only 10% of respondents report that their advisers raised the topic unprompted. Nearly a quarter (24%) noted that they have engaged in a conversation or process to outline their sustainability preferences for their portfolio and investment advice (**figure 5.17.**).

> I advise a family that has an ESG-driven equity mandate and who work with one of the largest banks in the country. The bank still allocates 20% of the family's portfolio to traditional ETFs, because they don't have appropriate sustainable investments to offer them instead. They don't have the instruments, the tools or the knowledge. That's disappointing.
>
> **Family office adviser, Germany, Europe**

Figure 5.17
Which best describes investors' discussions about impact investing with their wealth manager / private bank / consultants

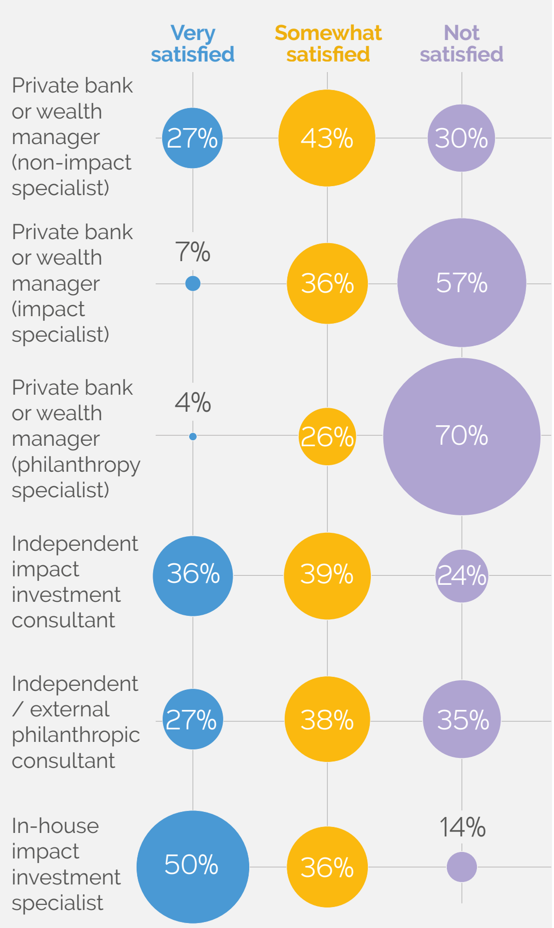


Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

Investors are most satisfied with in-house impact investment specialists; traditional advisers have room for improvement

Figure 5.18. reveals that respondents are most satisfied with the advice and services of their in-house (86%) and independent (75%) impact investment specialists. Surprisingly, they get more satisfaction from private bank and wealth managers who are not impact specialists (70%) than those who are (43%), presumably because they have long-standing relationships with their private banks. Impact specialists are just entering the industry – which might explain some of the difference in satisfaction. Likewise, philanthropy specialists within private banks and wealth managers provide a low level of satisfaction (30%).

Figure 5.18
Collaboration with advisers / consultants and degree of satisfaction with their services



Base: Respondents active in impact investing and philanthropy
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding

Few are fully satisfied with their advisers / consultants

Few respondents (11%) are completely satisfied with all the services they receive from their advisers and consultants around impact investing. The most commonly reported area that needs improvement relates to impact measurement and reporting (according to 60% of respondents) (**figure 5.19.**). Impact reporting may be unsatisfactory because investors would like some experience or "visibility" of the impact they are attempting to create. Forty percent believe that impact-specific investment strategies and due diligence need to be improved, while 37% believe impact-specific expertise is lacking.

> In my view, most big banks or asset managers don't know the impact investing industry well. They cannot advise their clients properly because they don't understand it in detail.
>
> **CIO, single family office, Liechtenstein, Europe**

Figure 5.19
Respondent views on how wealth advisers could improve their services

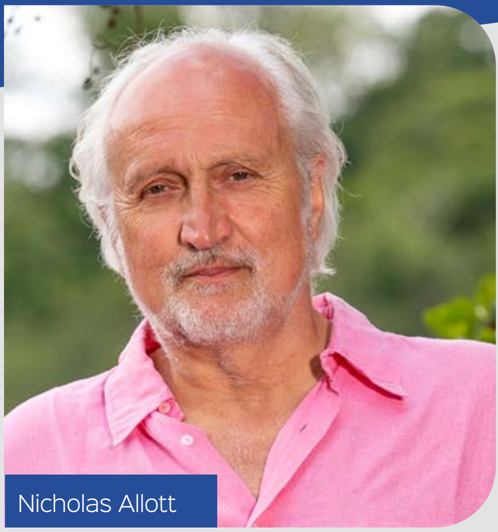
Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures do not add up to 100% due to multiple answers permitted.

Case study

Nicholas Allott – The Power of Theatre

Nicholas Allott (OBE, Order of the British Empire) is the Vice Chairman of Cameron Mackintosh Limited. Raised in an army family, he lived all over the world until he settled in the UK at the age of 15. He became the Executive Producer of world-famous musical shows such as *Cats*, *Phantom of the Opera*, and, most recently, the London production of *Hamilton*. He is also an Executive Producer of the Oscar-winning feature film, *Les Misérables*. Furthermore, for 30 years he has been the lead trustee of the Mackintosh Foundation, a grant giving charity funded by Cameron Mackintosh Limited. For 20 of those years he was also a trustee of the Foundation for Sport and the Arts, founded by the UK government as an alternative source of charitable giving to the National Lottery. Since its creation, it has donated GBP £1 billion to important causes. Allott believes in the power of theatre to foster education and a positive change in society. He is a trustee of the iconic Roundhouse in Camden that works with 10,000 young people a year to develop their creative potential.

Allott admits that he was never a traditionally good student. *"As a kid, I wasn't academic. I wasn't a sportsman, and I couldn't play a musical instrument, but I liked the theatre and doing plays."* Allott's school sent him to university to study economics, but having taken a year out to travel first, when he came back, he knew it wasn't right for him and dropped out after a year. Fortunately, there was a theatre on campus. He became a junior stage manager there, running rehearsals in the day and working the shows at night. *"After three years, I moved on to other regional theatres…I worked in different parts of the country and ended up as the youngest theatre manager in the UK, running a beautiful Victorian theatre and its acting company in the Midlands in the late 1970s,"* he remarked.



Nicholas Allott

Allott's career took a leap forward when he joined Cameron Mackintosh's company in 1981 to open the first production of Andrew Lloyd Webber's *Cats*. Allott admits no one realised what an enormous global success they were about to witness. *"The opening night was a sensation with a standing ovation that went on and on. The following day and for years beyond, we had hundreds of people queuing throughout the day to buy tickets for the show."* *Cats*, Allott says, catapulted British musical theatre forward. *"It became a phenomenon in world theatre. It paved the way for great shows like Les Misérables, Starlight Express, Phantom of the Opera, and Miss Saigon. Those productions were the cornerstones of musical theatre in the 1980s and most of them are still playing somewhere in the world today nearly 40 years later."* Cameron Mackintosh and his close team of associates went on to change the way British

> We could address traditional imbalances in the sector concerning gender, ethnicity, and disability.
>
> Nicholas Allott

> Participating in the arts is often used to aid rehabilitation. It helps people suffering from a wide range of medical issues.
>
> Nicholas Allott

theatre was produced all over Europe, the United States, Australia, and more recently in the Middle East and Asia.

Although proud of these commercial successes, Allott is much more enthusiastic about the power of theatre to create positive change in our societies. As London's Executive Producer of the award-winning show *Hamilton*, he played a crucial role in bringing diversity on a theatre stage like no other production of this scale. *Hamilton* is a musical about America's founding fathers using rap and hip hop. ***"It is an incredible piece of work and a cultural phenomenon. Actors are playing characters to suit their voices and abilities, whilst ignoring conventional ethnic casting,"*** Allott remarks. Equal representation and diversity have since impacted the casting in various mainstream plays and TV productions, thereby breaking unconscious bias and stereotyping in society at large.

Allott explains that *Hamilton* was only the beginning of a massive change in the performing arts. The major disruption caused by the Covid-19 pandemic hit artists particularly hard. ***"When theatres went dark, the majority of theatre employees, who are freelance, were unprotected by government employment schemes and lost their livelihoods. Many of them retrained in other sectors and never returned."*** However, the unusual circumstances gave rise to social movements, and allowed the industry to reflect and change, Allott remembers. ***"We could address traditional imbalances in the sector concerning gender, ethnicity, and disability. In particular, the Black Lives Matter movement lit a flame that burned worldwide, prompting actors and production staff to talk openly about the micro- and macro-aggressions that many were confronted with regularly in their working lives."*** Allott admits, ***"We, as employers, were shocked by the stories we heard."*** Lessons were learned and acted upon. ***"It gave us an opportunity to reflect on how we run our businesses and who we run them for. Major changes have emerged and will continue to evolve,"*** Allott is convinced.

When asked what why theatre is so powerful in creating positive change in societies, Allott reflects, ***"It is the shared experience. It is about people onstage who are performing to an audience right in front of them, united in sharing a unique moment. They are creating an alchemical reaction right there."*** Allott is passionate about the theatre because of its ever-evolving creativity and powerful human dynamic. In his view, theatre creates social cohesion, reinforces important beliefs, and makes new traditions through a shared vision for communities worldwide.

Moreover, theatre has a positive impact on our mental and physical well-being. ***"Participating in the arts is often used to aid rehabilitation. It helps people suffering from a wide range of medical issues,"*** Allott says enthusiastically. ***"Dance and singing are also ways for people to improve their physical and mental well-being. There is copious evidence that young people who engage in cultural activities at school are more likely to go onto higher education."***

In the future, theatre experiences will likely create 'alchemy' in a much more immersive and participatory way. ***"Plays today are creating different theatrical experiences where the audience is more engaged on many different levels. Increasingly, the audience becomes an active participant in the show. By doing this, theatre will embrace new technology, expand into regular online streaming, and hopefully engage more with contemporary music and subjects to develop new and younger audiences."*** Allott pauses for a second. Whatever the future of theatre might look like, he says, its heart and soul will always stay the same, ***"It is about telling stories. Don't allow it to become a lecture. It is about keeping human storytelling traditions alive and making them relevant today."***

Theatre can generate great financial success, as Allott and his team have witnessed. What is much more important to him is that the power of theatre fuels cultural change, questions established norms, and supports a shared vision of who we want be as a society. ***"This makes it a uniquely positive investment opportunity,"*** Allott says, smiling. ■

6.

The environment and tackling climate breakdown

Key findings

- The vast majority of the impact investors surveyed (86%) say that climate change is relevant to their portfolio, and 75% of traditional investors say that it influences their investment decisions (**figure 6.1.**).
- Eighty-four percent believe that private capital will be essential to address climate change because governments are not doing enough. Emphasising investors' willingness to act, when asked, 61% would be willing to sacrifice some financial returns if their investments helped to prevent a climate breakdown (**figure 6.6.**).
- Renewable energy is deemed to be the most attractive clean energy investment opportunity over the next three years, with 64% believing in established renewables (including solar, wind, and hydro), and 51% supporting emerging renewables (including geothermal, wave, and hydrogen) (**figure 6.10.**).

6.1 The climate crisis in focus

Global warming has been fuelling natural disasters around the world. Heatwaves and droughts are drying up rivers and causing water shortages and wildfires – all while, elsewhere, floods are making entire regions uninhabitable. More and more, the impact of climate change is felt in our everyday lives, challenging the business-as-usual status quo. In this chapter, we explore how investors deal with the rapidly accelerating climate crisis and how environmental objectives impact their investment decisions.

All types of investors say climate change is relevant to their investment portfolios

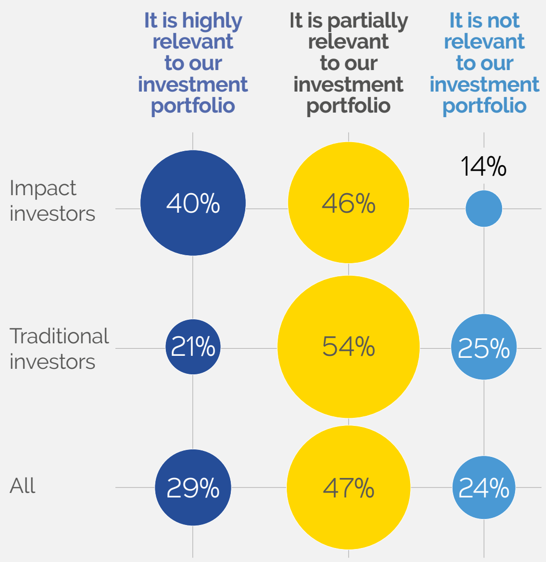
Reflecting an increased desire to manage climate-related risks, over three-quarters of all respondents report that climate change is either relevant (47%) or highly relevant (29%) to their investment portfolio (**figure 6.1.**). Nearly a quarter of respondents (24%) report that climate change is still not relevant.

Broken down by type of investor, impact investors unsurprisingly appear to be ahead of the curve, but traditional investors are catching up. In total, 86% of impact investors declare that climate change is relevant to their portfolio, of which 40% say it is highly relevant. In comparison, 75% of traditional investors declare that climate change influences their investment decisions, of which a minority (21%) say it is highly relevant and a majority (54%) say it is partially relevant.

> Whether or not climate change is human-made, we need to act and look at the impact of our investments. For me, this means investing in the right way, leading businesses in the right way, and increasing awareness about sustainability more broadly.
>
> **Next Gen family member, Austria, Europe**

> The families I work with are not in the 'get rich' business; they are in the 'stay rich' business. They know they cannot protect their wealth if conditions in the world are deteriorating.
>
> **Family office adviser, Germany, Europe**

Figure 6.1
How climate change is influencing investment decisions

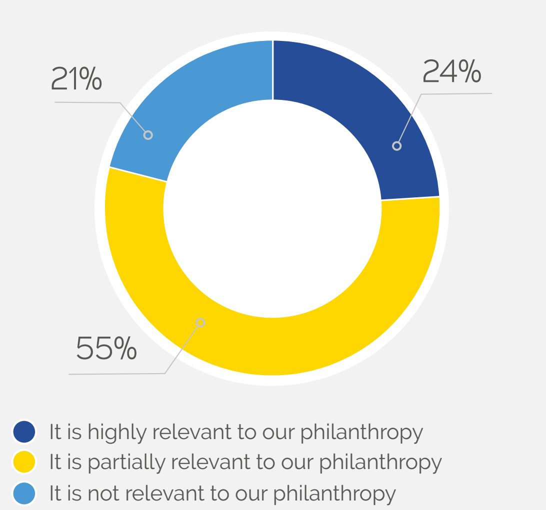


Base: Respondents active in impact investing; respondents not active in impact investing; all respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.

Climate change influences 79% of philanthropic activities

The findings for philanthropists echo those above, with nearly 8 in 10 (79%) reporting that climate change is either partially (55%) or highly (24%) relevant to their charitable giving (**figure 6.2.**). This is notable as traditionally philanthropists tend to prioritise social issues (**figure 6.4.**). Further thoughts on the role of philanthropy for creating positive change are discussed in **Chapter 7**.

Figure 6.2
How climate change is influencing philanthropic activities

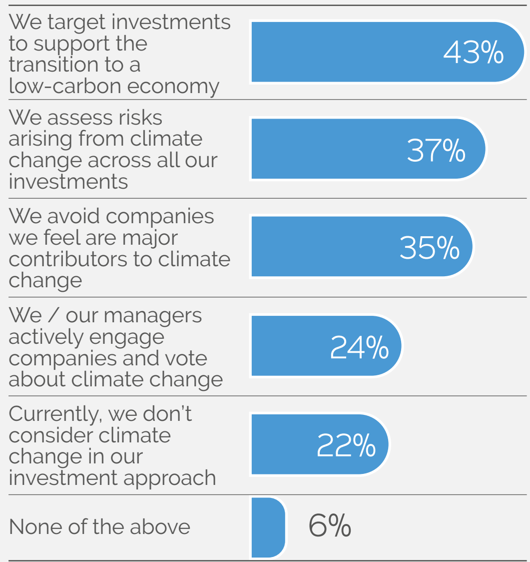


Base: Respondents active in philanthropy.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.

Targeting investments to support the transition to a low-carbon economy

Diving deeper into the subject of how climate change influences investors, we find that 43% of participants target investments to support the transition to a low-carbon economy. Over a third (35%) adopt a negative screening approach and avoid companies they feel are major negative contributors to climate crisis, while 24% follow an activist approach, meaning they / their managers consciously engage with companies and vote on shareholder resolutions around climate change-related risk factors. Furthermore, 37% assess the risks arising from climate change across their portfolio (**figure 6.3**.).

Figure 6.3
How climate change is influencing investments

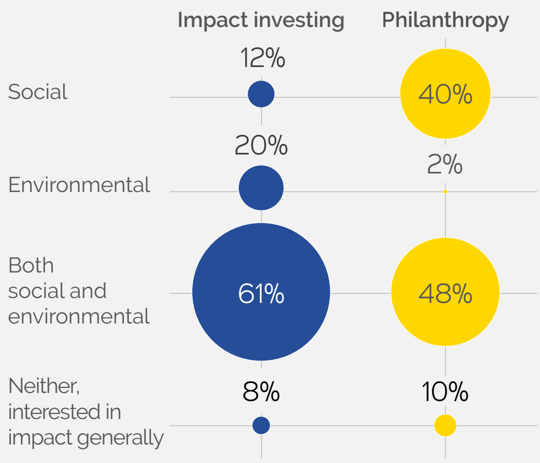


Base: All respondents
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures do not add up to 100% due to multiple answers permitted.

Philanthropists and impact investors tend to target both environmental and social objectives

The bulk of impact investors (61%) and philanthropists (48%) target both social and environmental objectives in their work (**figure 6.4.**). However, philanthropists tend to prioritise social issues, as 40% claim that these are their primary objective (compared to just 12% of impact investors). Conversely, a higher proportion of impact investors than philanthropists focus primarily on environmental issues (20% versus 2%, respectively).

Figure 6.4
Primary objectives of impact investments and philanthropy

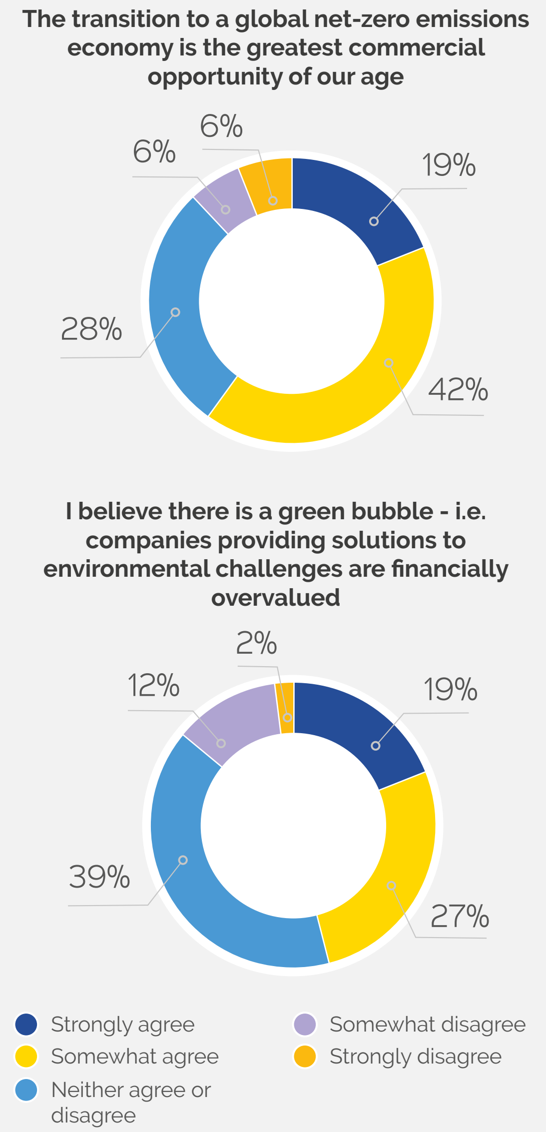


Base: Respondents active in impact investing; respondents active in philanthropy.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

The opportunities from transitioning to a net-zero emissions economy

While much of the focus on climate change is risk-based (i.e. achieving the Paris-agreed target of a maximum 1.5C increase to avoid climate breakdown), 61% of respondents surveyed believe that the transition to a net-zero emissions economy is the greatest commercial opportunity of our age. However, there is a risk associated with too much optimism: 46% of respondents believe that there is a 'green bubble' (i.e., companies providing solutions to environmental challenges are financially overvalued) (**figure 6.5.**).

Figure 6.5
Views on the transition to a net-zero emissions economy



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

Globally, investors believe private capital is essential to address climate change

Investors feel a great sense of responsibility to tackle climate change. The vast majority of respondents (84%) believe that private capital is essential to address climate change because governments are not doing enough. This conviction holds true for investors from around the world, as the regional breakdown below shows (**figure 6.6.**).

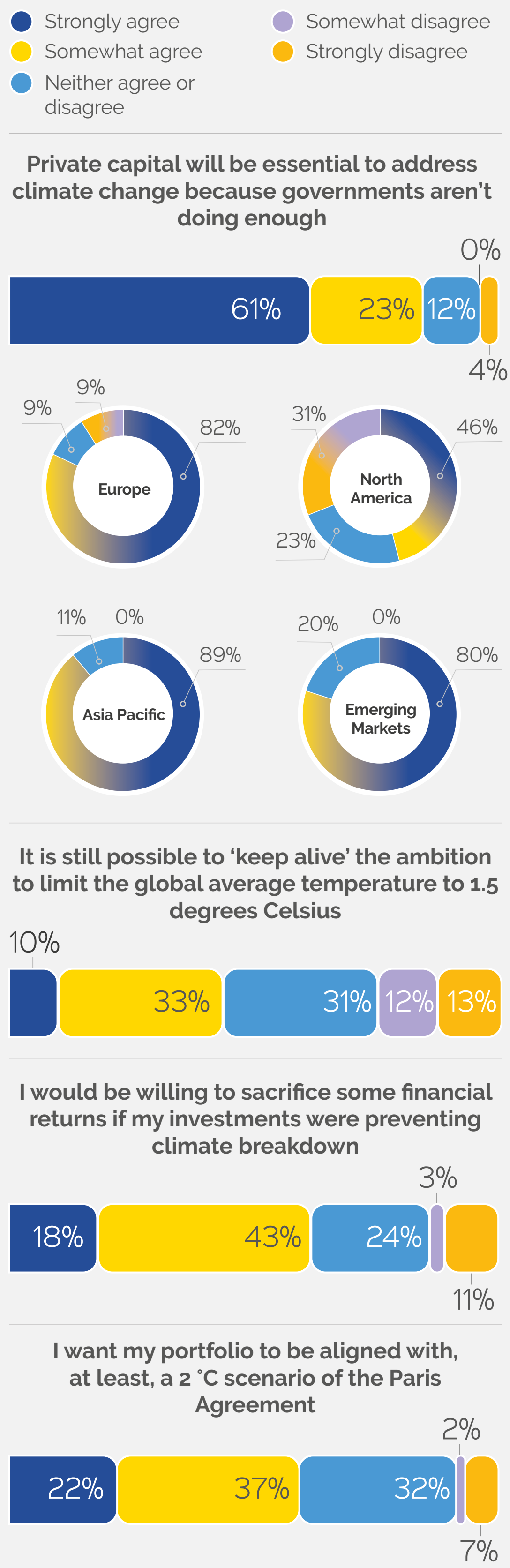
Investor engagement in part reflects optimism that, with the right investments, it is still possible to limit the global average temperature rise to 1.5 degrees Celsius (43% of participants agree with this statement versus 25% who disagree).

About 6 in 10 respondents (59%) would like to align their portfolios with, at least, a 2 degrees Celsius scenario of the Paris Agreement. Moreover, 61% would be willing to sacrifice some financial returns if their investments were to prevent climate breakdown, showing an even more active commitment to prevent climate breakdown.

> Wealth-holding families in Europe tend to have a long-term approach. They feel a responsibility for future generations, for the community, and for sustaining an ecological balance.
>
> **Family office adviser, Germany, Europe**

> The [European] governments should have done more to motivate investors to divest from gas and oil. Maybe we will not buy gas and oil from Russia in the future, but we have to change now. We should have done so much earlier.
>
> **CIO, single family office, Liechtenstein, Europe**

Figures 6.6
Attitudes towards key issues around climate breakdown



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not sum to 100% due to rounding.

6.2. Carbon footprint

Among those who know their carbon footprint, 47% are setting goals to reduce it

The ability to measure the carbon footprint of an investment portfolio can be a valuable tool for evaluating one's environmental impact. While methodologies for doing so are quickly advancing and data is improving, standards have yet to be firmly and widely adopted. Perhaps reflecting uncertainty about availability and access, this year, only 16% of respondents state they are aware of the carbon footprint of their portfolio, down from 25% last year.[16]

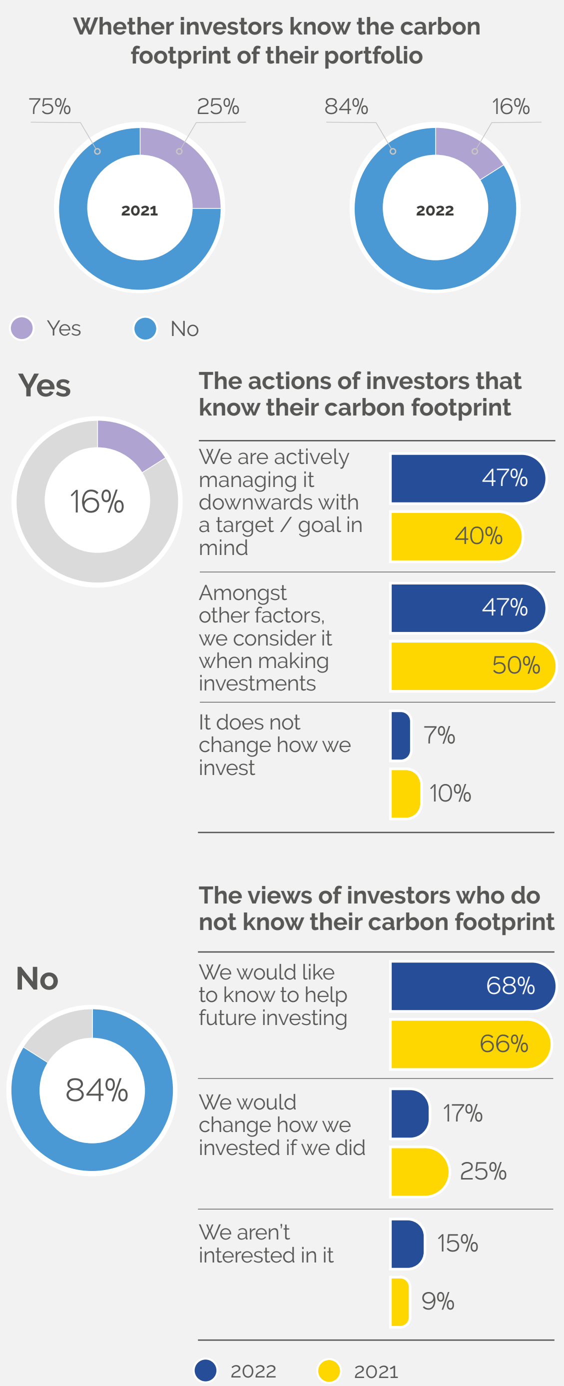
However, among those who know their carbon footprint, nearly half (47%) are actively managing it downwards with a target / goal in mind, up from 40% last year (**figure 6.7.**). The figures show that measuring the environmental impact of a portfolio can lead investors to take action to reduce climate risk in their portfolios.

68% would like to know the carbon footprint of their portfolio

The majority of respondents (84%) reported that they do not know the carbon footprint of their portfolio. However, there is significant interest in this type of information, as 68% of respondents would reportedly like to know their carbon footprint to support their future investing (**figure 6.7.**).

> Some oil companies invest heavily in sustainability, because they already realise they will not survive otherwise.
>
> **Family office adviser, Germany, Europe**

Figure 6.7
Carbon footprint and investment portfolios



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

[16] Investing for Global Impact: A Power for Good, 2021, Campden Wealth / GIST / Barclays Private Bank, p.64

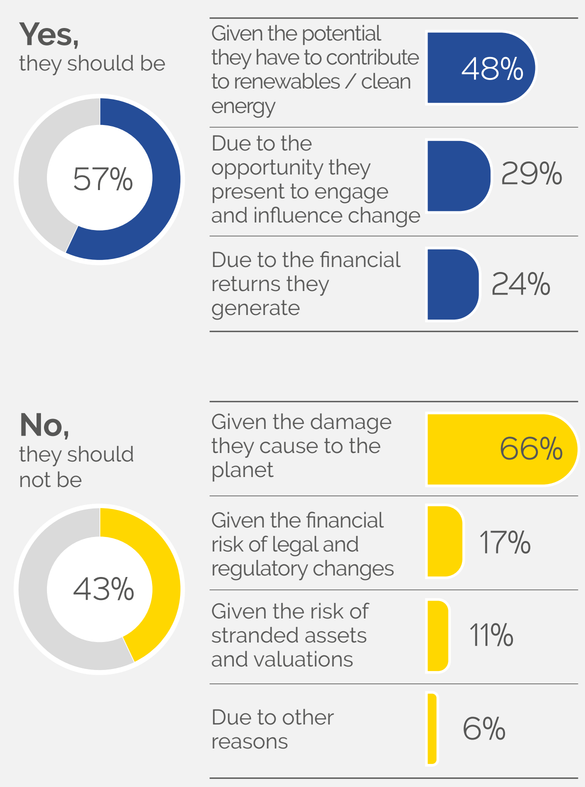
6.3. Fossil fuels

Investors are changing their views on fossil fuel companies

Views on fossil fuel companies have changed since last year. In 2021, 53% of those surveyed said fossil fuels companies should not be considered for investment, while this year only 43% said the same (**figure 6.8.**). Conversely, 57% this year support investment into fossil fuel companies. This may have been driven by the performance of fossil fuel companies which, during early 2022, have seen the highest commodity prices in the last decade.

When prompted to explain, of those who support fossil fuel investment, 48% said that the industry has the potential to contribute to renewables / clean energy, and another 29% believe that investing in fossil fuels is an opportunity to engage and influence change. Only 24% reportedly invest in fossil fuel companies because of their ability to generate financial returns.

Figure 6.8
Should companies which invest in fossil fuels be considered for investment



Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2021. Note: When comparing these figures to last year, please note that a 'don't know' option accounted for 14% of the responses in 2020. These don't knows were excluded and the statistics recalibrated to create a like-for-like comparison.

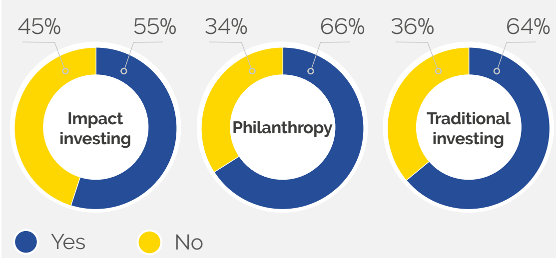
Among those who do not support investments in fossil fuels, two-thirds (66%) argued that it should not be an investment due to the damage fossil fuel companies cause to the planet, followed by 17% who point to the related financial risk of legal and regulatory changes when investing in such companies (**figure 6.8.**).

> We have a very big position in oil majors. The ESG trend has made them very cheap and while we don't believe that fossil fuels are the energy source of the future, we think they are massively capitalised businesses with huge infrastructure and expertise. They will be the renewable giants of the future.
>
> **ESG oriented asset manager, United Kingdom, Europe**

Traditional investors and philanthropists are generally supportive of investments in fossil fuels

Broken down by type of investor, impact investors appear to be divided over the issue of whether or not to invest in fossil fuels, with 55% supporting investments and 45% saying people should not invest (**figure 6.9.**). In contrast, a clear majority of traditional investors (64%) and philanthropists (66%) support investment.

Figure 6.9
Should people invest in the fossil fuel industry



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not sum to 100% due to rounding.

Renewable energy – the most attractive clean energy investment opportunity

According to the investors surveyed, renewable energy is the most attractive clean energy investment opportunity available over the coming three years, with 64% believing in established renewables (including solar, wind, and hydro), and 51% advocating for emerging renewables (including geothermal, wave, and hydrogen).

Beyond power generation, another critical topic in the energy transition is energy demand and efficiency. Thirty-nine percent of respondents believe in investments that reduce energy demand / increase energy efficiency, followed by 36% who have confidence in energy storage (battery) investments (**figure 6.10.**).

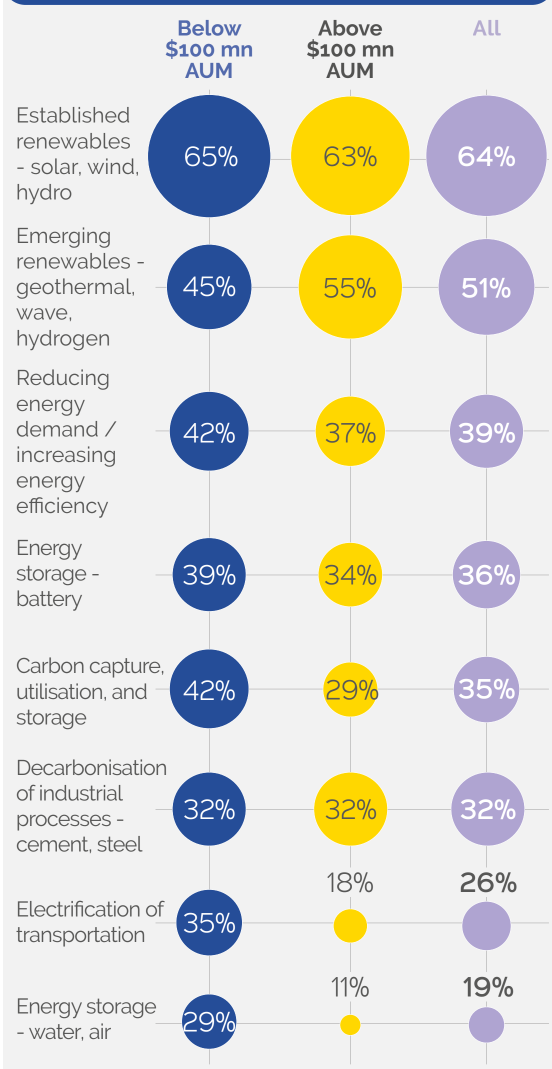
Depending on AUM level, investors tend to focus on different themes. While emerging renewables have the confidence of 55% of larger investors (with an AUM over US$100 million), 45% of investors with a lower AUM support these technologies. The relatively smaller investors care more about carbon capture, utilisation, and storage, with 42% reporting that this is an attractive clean energy investment, compared with only 29% of their higher AUM peers.

> I hear that some German villages are largely energy self-sufficient because the local government supports people to set up solar panels and other renewable energy infrastructure. That's what we should do everywhere.
>
> **CIO, single family office, Liechtenstein, Europe**

Views differ on the attractiveness of electric transport investments

About a quarter of respondents (26%) believe electric vehicles are an attractive clean energy investment opportunity over the next three years. When comparing investors by assets under management, a more nuanced picture emerges: 35% of investors with an AUM below US$100 million say that electric transportation is an attractive clean energy investment, compared with only 18% of larger investors who would agree to the same (**figure 6.10.**).

Figure 6.10
Where impact investors see the most attractive clean energy investment opportunities over the next three years by AUM



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding

Roundtable discussion

Never waste a crisis – how social enterprises support, change, and innovate

Private investors are in a unique position to act fast, making them ideal investors in conflict areas. In this roundtable discussion, leading social entrepreneurs and ecosystem players from Ukraine, Armenia, and Poland share their on-the-ground experiences and explain how impact investors can support communities in crisis. The discussion is based on the breakout session called, 'Impact investment in conflict areas: building resilience through investing in entrepreneurs', which took place in Vienna in June 2022 during the Impact Days conference. The following is an abbreviated summary of key takeaways from the roundtable.

ROUNDTABLE INTRODUCTION

- **Moderator – Nazareth Seferian,** Social entrepreneurship professional from Armenia, European Venture Philanthropy Association.
- **Speaker – Alena Kalibaba,** co-founder and board member of SILab Ukraine.
- **Speaker – Ani Baboomian,** programme director at Impact Hub Yerevan.
- **Speaker – Ewa Konczal,** European Venture Philanthropy Association's Central and Eastern Europe manager.

Nazareth Seferian: *Good morning. Thank you for being with us. Ukraine and Armenia are two of the five countries involved in the Collaborate for Impact project, funded by the European Union. This project aims to develop impact investment funds in these countries, but both have experienced the same obstacle along the way – active conflict. In September 2020, Armenians woke up to a war, and in February this year Ukraine was subjected to Russia's brutal military offensive. Ani Baboomian, you were leading Impact Hub Yerevan, and you were in the thick of it in 2020 in Armenia. My first question to you is, what makes impact investments in conflict areas different from other investments?*

Ani Baboomian: I think that in times of war, our priorities change. When there is peace, you can invest in green technology and fight climate change. During times of conflict, our basic survival needs are more essential. People need shelter and food, and someone needs to take care of all the displaced children. There is also no time. Solutions have to be fast. It matters very much in the short term where you put your money. Additionally, if you have been investing in a country that suddenly goes to war, this should be a matter of concern to you.

Nazareth Seferian: *Alena Kalibaba, what was your experience when the war broke out in Ukraine this year?*

Alena Kalibaba: First, I want to excuse myself in advance. It has been 100 days since the war started, and I might still be emotional during this talk. But it's important to share how we are dealing with the situation.

We had been preparing the launch of the Ukrainian Social Venture Fund to support social enterprises, powered by SILab Ukraine. When the war started, we realised that speed is everything. We did not have time to discuss, approve or review. We immediately pivoted our tasks to humanitarian action. We launched an initiative called Shelter Ukraine on day three of the war.

Our goal was to take care of civilians, including many families with young children, who fled the eastern regions of Ukraine. We focused on evacuation, organising their safe transit, and providing shelters for longer stays. We didn't have the luxury of elaborate planning. We just started to work.

One important lesson learned was this – most commercial businesses closed at this time, but most social enterprises continued to work. We looked into that and found that 70% of social enterprises in our network continued to operate after the conflict started. In comparison, only 30% of commercial profit-oriented enterprises had remained open.

Nazareth Seferian: *That is an interesting observation and an important message to investors. It seems logical, given that social enterprises are driven by a social purpose — and these needs increase during war — in contrast to commercial businesses and their pursuit of profit, which decreases in such situations. Ani Baboomian, what did you experience in Armenia in 2020, and what were your most critical challenges?*

Ani Baboomian: Armenia experienced an armed conflict in 2020 that took place in the region of Nagorno-Karabakh and the surrounding territories. It was a major escalation of an unresolved conflict in the region, and I was in a state of shock when it all started. At first, I couldn't believe what was happening.

Once I adapted to the new reality, I realised that everyone wants to help. The unity in those moments is just beautiful. People give food and clothes, or they donate money. I have seen men and women driving their own cars to help with people's evacuation.

Within our organisation, Impact Hub Yerevan, we had a network of volunteers. We collaborated with a local ministry to prepare shelters for displaced people fleeing from the war zone. Our volunteers checked the buildings before the government brought them there. They made lists of necessary items, like sleeping bags, toilet paper, food, etc. We formed another group in charge of logistics. We faced countless organisational challenges, but we simply kept going. At the same time, another team came together and started fundraising to buy what was on the list. It was very, very fast fundraising.

> We launched an initiative called Shelter Ukraine on day three of the war.
>
> Our goal was to take care of civilians, including many families with young children, who fled the eastern regions of Ukraine.
>
> Alena Kalibaba, co-founder and board member of SILab Ukraine

> War is an emotional affair, and people often make emotional decisions when it comes to money. Armenia has a huge diaspora, so we managed to mobilise money from individuals living in the US, Russia, Europe, and other parts of the world.
>
> **Ani Baboomian, programme director at Impact Hub Yerevan**

War is an emotional affair, and people often make emotional decisions when it comes to money. Armenia has a huge diaspora, so we managed to mobilise money from individuals living in the US, Russia, Europe, and other parts of the world. These people were ready to make a contribution, and we needed to direct their money to options that would have the most impact. Social enterprises are important in this regard because they are a business and are thus a vital part of the economy – the money made by a social enterprise trickles down to its suppliers, employees, and others. At the same time, they do not seek to maximise profit, so you know that you are getting more impact for each cent you invest there – and this impact is critical in a conflict situation.

We were helping about 14,000 people, but food and shelter were not enough at some point. People needed mental support and activity. So, we raised funds to buy materials, and the women (given that the men were mainly on the frontline) began producing mattresses and sleeping bags for new locations. We also had many kids of different age groups who were out of school. So, we organised volunteer teachers and put together a twelve-week curriculum.

Nazareth Seferian: *Ewa Konczal, you have been running the Collaborate for Impact project in the Eastern Partnership countries for the European Venture Philanthropy Association. In your experience, what kind of impact investors are most effective in conflict situations?*

Ewa Konczal: The fast ones. Alena Kalibaba and Ani Baboomian said this before, but it is crucial. In Ukraine, we acted fast because we were raising money from private individuals. Most of them came from the private equity community in Poland, which is a group of around 60+ individuals – all of whom I had the pleasure of working with through the Valores Foundation, the first venture philanthropy fund in Poland. I am a co-founder and chairperson of the Valores Foundation board. Our investors therefore know and trust me when I recommend organisations like SILab. So, trust and timing are both critical, as there is no time for due diligence during periods of armed conflict.

> In Ukraine, we acted fast because we were raising money from private individuals. Most of them came from the private equity community in Poland.
>
> **Ewa Konczal, European Venture Philanthropy Association's Central and Eastern Europe manager**

In the end it worked like this: We reached out to Polish and international business networks. We worked using emails and WhatsApp messages when sharing the designated Valores bank account to our donors. The donations all went to the Valores Foundation and, quite frankly, nobody at that time knew if the Ukrainian banking system would work and whether the money would arrive on time. Nonetheless, we decided to take a risk and go through the formal banking system in order to be accountable to our donors.

Secondly, we set up a website, worked on payment forms, and approved Valores as an organisation eligible for tax-deductible donations from US tax payers. We immediately felt the impact. As early as mid-March, we had already transferred over US$100,000 to Shelter Ukraine. The banking system worked fantastically. The money was deployed in Ukraine almost immediately. Moreover, the team has been very smart in dividing Ukraine into three regions and partnering with other regional organisations. The three initiatives were most likely the first organisations in Ukraine to deploy international funding in this crisis.

Furthermore, their teams delivered a clear report on their spending after just three months, showing accountability to their donors. To date, Shelter Ukraine has collected nearly US$1 million. They have provided support to more than 43,000 people, offering shelter, food, and evacuation or transport services. Such rapid response was unparalleled. Meanwhile, the large international aid and development organisation are still struggling to deliver millions in funding that they have been collecting since the start of the war.

Nazareth Seferian: *Alena Kalibaba, impact investors care about the non-financial outcome of their investments. They want to know that their investments are making a meaningful contribution. Can you talk about how you distributed funds locally?*

Alena Kalibaba: When the conflict broke out in Ukraine, we developed a model that successfully sustained social enterprises. Third parties (individuals, funds, humanitarian organisations) paid the social enterprise to cover the costs of services and goods. For example, social bakeries and commercial restaurants started social kitchens for people in need (internally displaced people, the elderly, people with disabilities, etc.). The social enterprises got paid. This also meant that our economic system kept running – people stayed in jobs, and products remained available.

I would also like to share a remarkable story about how this system fostered innovation. Through our emergency grant programme for social enterprises, we funded a social enterprise that organised camping trips for children and vulnerable groups. They also organised educational workshops, during which they produce special outdoor equipment. In one of these workshops, they discovered a textile that was undetectable by military infra-red cameras. So, this tiny organisation got a massive order from the Ukrainian military

When the conflict broke out in Ukraine, we developed a model that successfully sustained social enterprises. Third parties (individuals, funds, humanitarian organisations) paid the social enterprise to cover the costs of services and goods.

Alena Kalibaba, co-founder and board member of SILab Ukraine to produce tents for their soldiers. This is a testimony to how social enterprises can be impactful and innovative.

Nazareth Seferian: *Thanks, this is an excellent example of how crises can create innovation and new opportunities. Before we close this session, I would like to ask Ewa Konczal if she wants to share a message with impact investors.*

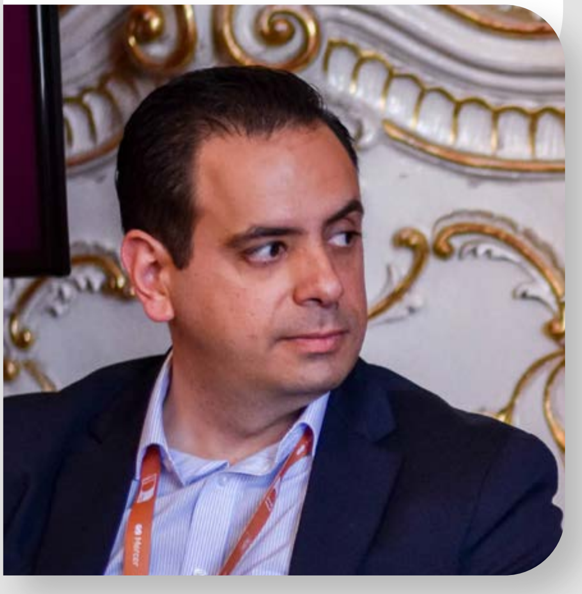
> We have research showing that portfolios with impact investments perform better than classic venture capital portfolios, especially in crisis situations. For many impact investors, this is a crucial argument to engage in impact investing. Who would not be a fan of such business models?
>
> **Ewa Konczal, European Venture Philanthropy Association.'s Central and Eastern Europe manager**

Ewa Konczal: This discussion has delivered wonderful examples of how impactful and flexible social enterprises are. We have research showing that portfolios with impact investments perform better than classic venture capital portfolios, especially in crisis situations. For many impact investors, this is a crucial argument to engage in impact investing. Who would not be a fan of such business models?

Moreover, the founders of social enterprises are passionate, motivated, and driven. They can get things done even under difficult circumstances. In my view, social enterprises are more resilient, because they are run by incredibly committed people. The example of Shelter Ukraine proves this point. In the past, millions of refugees have been displaced by war. What is astonishing to me is that not a single refugee camp has been built in Ukraine. That is really a great success story.

Nazareth Seferian: *Thank you all for sharing. My takeaway from this session is that crises can lead communities to unify. I have learned that in Armenia and Ukraine social enterprises have done fantastic work to safeguard people. These enterprises worked hard to alleviate the short- and long-term consequences of war. They have even become innovators. And they can do even more with the right kind of investment. I hope this session has given private investors greater confidence that impact investment can serve as a critical contribution to humanitarian action in conflict zones. There are active efforts in both Ukraine and Armenia that are doing excellent work in supporting social enterprises, and investors around the world can learn more about them by contacting SILab Ukraine and Impact Hub Armenia.* ■

> My takeaway from this session is that crises can lead communities to unify. I have learned that in Armenia and Ukraine social enterprises have done fantastic work to safeguard people.
>
> **Nazareth Seferian, Social entrepreneurship professional from Armenia, European Venture Philanthropy Association**



7.

2022 in focus

Key findings

- Over half of respondents (52%) report that the pandemic has made them consider more systemic risks, such as climate change, in their investment portfolio. In a similar vein, 43% of respondents think Covid-19 has made sustainable investing more appealing. The pandemic has also prompted 40% of respondents to increase their philanthropic giving (**figure 7.1.**).

- Eighty percent of those surveyed believe that involving the next generation in impact investing will prepare them to take on greater family responsibility. Over half of respondents (53%) think that impact investing is creating a bridge between older and younger generations (**figure 7.2.**).

- The vast majority of respondents (78%) believe that philanthropy and impact investing should be used jointly to generate impact. Among those active in both, 66% say that their philanthropic giving and impact investing are coordinated in terms of aims and themes (**figure 7.3.**).

7.1 Post-pandemic investing

In 2020, investors around the world were suddenly confronted with the major disruptions caused by the Covid-19 pandemic. Two years later, they were shocked by the sudden war in Ukraine. Both events affected the global economy, impacted investments, and in many cases they taught investors about rapidly emergent portfolio risks. The following section explores to what extent the pandemic still impacts investor behaviour today. The statements should be seen in light of the recent events in Ukraine, which are likely to have shifted focus away from the pandemic and highlighted the risk of armed conflict. (For a discussion on how investors can support people trapped in conflict areas, please see the case study on **p. 67**).

Heightened awareness of systemic risks in investor portfolios

This year, respondents are less likely than last year to report that the pandemic has impacted their investment approach. Nonetheless, there are indications that it might be creating a "new normal" in portfolio design. Last year, 63% of respondents asserted that the pandemic has made them consider more systemic risks, such as climate change, in their investment portfolio. This year, this assertion holds, but has dropped to 52%.

In a similar vein, 43% of respondents currently agree that Covid-19 has made sustainable investing more appealing, down from 63% last year (**figure 7.1.**).[17]

The pandemic prompted an increase in philanthropic giving

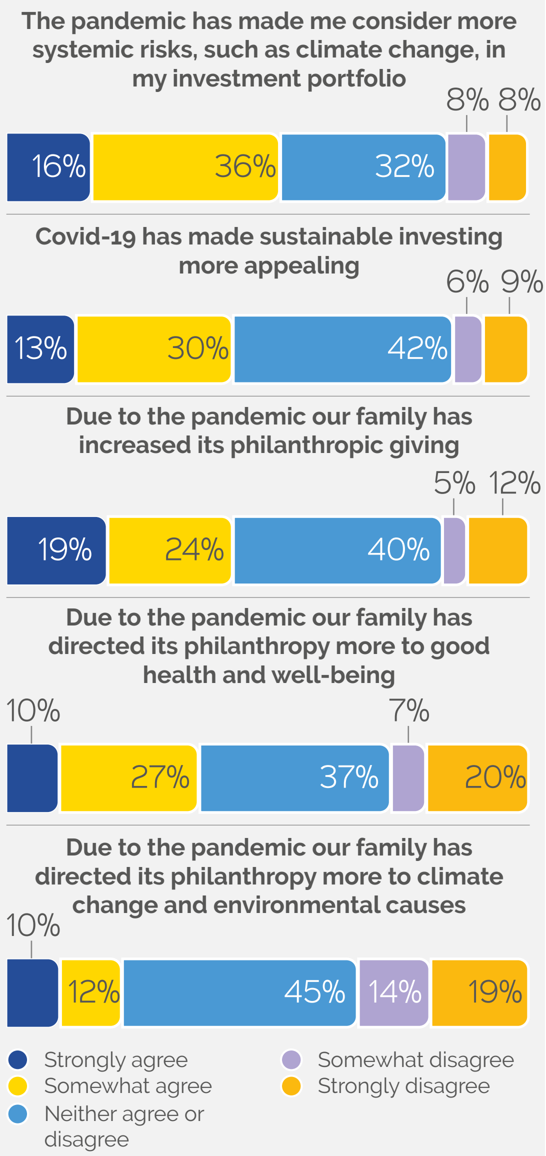
The pandemic has reportedly prompted 43% of respondents to increase their philanthropic giving. In terms of where their additional giving is being directly, 37% report that they are allocating more to good health and well-being, while 22% say

[17] Investing for Global Impact: A Power for Good, 2021, Campden Wealth / GIST / Barclays Private Bank, p.73

they are allocating more to climate change / environmental causes.

> During the pandemic solidarity became even more important. So, generally speaking, our philanthropy has been growing.
>
> **Chair, family foundation, France, Europe**

Figure 7.1
Attitudes on a post-pandemic world



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

7.2. Impact investing and the family

Respondents from families with multi-generational wealth make up 62% of this report's sample (**figure 1.2.**) – and many of them are already embracing impact investing. The following section takes a closer look at who drives the push for investing in impact and how families with multi-generational wealth are adjusting to the rise in impact investing.

Impact investing is being driven by the younger generations

Figure 7.2. shows that 68% of respondents believe that impact investing is being driven by the younger generations. When broken down by region, respondents are largely aligned, with 69% from Europe, 72% from North America, and 67% from Asia-Pacific agreeing with this assertion. In emerging market economies (i.e., South America, Africa, and the Middle East) the result is less straightforward, but the majority (57%) is still in agreement.

Research on multi-generational wealth confirms the role of younger generations in the drive for pursuing more sustainable investing approaches. The influence of the next generation / a desire to leave a legacy is typically ranked among the top three reasons why family offices around the world adopt sustainable investing.[18]

> In our family, the next generation introduced the idea of sustainable investing. Then advisers picked up on it and all of a sudden it became part of a dialogue.
>
> **Family member, United States, North America**

> The demand for impact investing started with the children of our clients.
>
> **ESG adviser, asset manager, United Kingdom, Europe**

[18] The North America Family Office Report, 2021, Campden Wealth / RBC, p.43; The European Family Office Report, 2021, Campden Wealth / Deloitte Private, p. 39; The Asia Family Office Report, 2021, Campden Wealth / Raffles Family Office, p.50

> It's not always easy for families to talk to each other across generations. It gets emotional very quickly. Sustainable investing is a topic all generations can connect with, and the older generation learns from the younger generation without losing face.
>
> **Family office adviser, Germany, Europe**

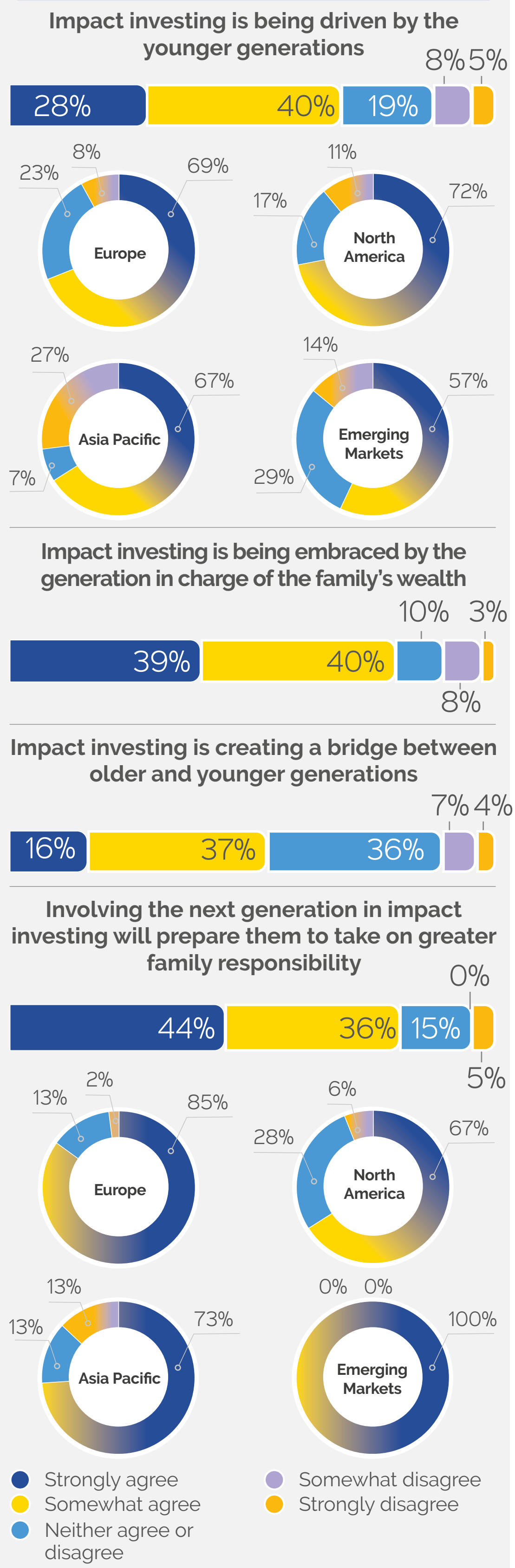
Perhaps aided by the ongoing transition of wealth from one generation to the next, 79% say that impact investing is being embraced by the generation in charge of the family's wealth.

Over half of respondents (53%) also think that impact investing is creating a bridge between older and younger generations, underlining the collaborative and unifying aspect of adding impact investments to the family's portfolio. Only 11% of respondents disagree.

Most agree that impact investing can help prepare the next generation

The large majority of respondents (80%) believe that involving the next generation in impact investing will help prepare its members to take on greater family responsibility. When analysing these results by region, it emerges that this belief is widespread, with the large majority of respondents across all regions agreeing with this sentiment (**figure 7.2.**).

Figure 7.2
Impact investing and the family



Base: All respondents.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

7.3 Integrating investing with philanthropy

Families and their foundations have been long-standing actors in both philanthropy and investing. Traditionally, they separated their philanthropy from their investing. An accelerating trend for 2022 is to look at these aspects holistically. The following section explores how families and their foundations are reconsidering the relationship between their giving and investing.

We also incorporate insights from Carola Carazzone, Vice President of Philea (Philanthropy Europe Association) and Secretary General of Assifero, an Italian association of 140 grant-making foundations. Carola Carazzone summarises the opportunity for foundations using investing for impact. In her view:

> Philanthropy is increasingly prioritising sustainability when informing a foundation's investment decisions. At the same time, philanthropic organisations start to play an important role in sustainable development – not only in mobilising financial resources, but also as development actors in their own right.
>
> **Carola Carazzone, Vice President, Philea and Secretary General, Assifero**

Respondents see connection between impact investing and philanthropy

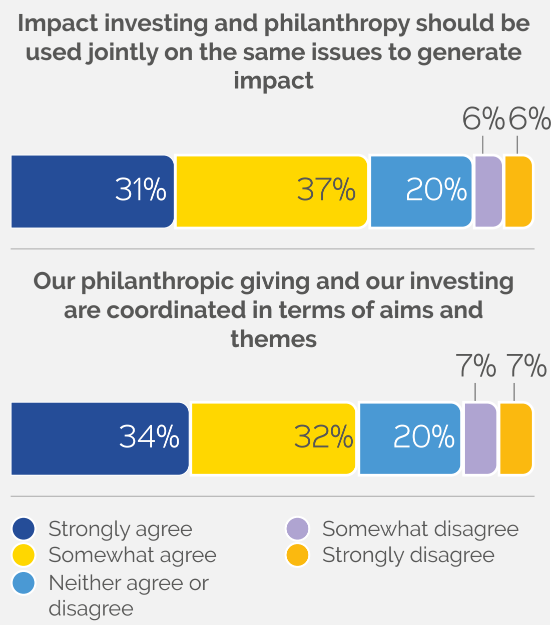
Philanthropy and impact investing both aim to create a positive impact on people and the planet.

In turn, the vast majority of respondents (78%) believe that philanthropy and impact investing should be used jointly to generate impact, as these approaches can complement and reinforce each other.

Two-thirds of respondents (66%) also assert that their philanthropic giving and impacting investing are coordinated in terms of their aims and themes. This compares with just 14% who do not coordinate their initiatives, as they likely still adopt classic models of separating their philanthropy and investing, or they have tried to coordinate these arms but faced organisational challenges in doing so (**figure 7.3.**).

> We haven't applied our family's sustainable investing philosophy to our philanthropic grant-making yet. We are a large foundation, and it would be a long process for us to get there.
>
> **Family member, family foundation, United States, North America**

Figure 7.3
Attitudes on philanthropy and impact investing



Base: Respondents active in philanthropy and impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

Rethinking the role of philanthropy

The rise of impact investing in the wake of multiple global crises prompts many families to rethink their approach to philanthropy. According to Carola Carazzone, several trends can be observed:

> One major trend is the shift from a short-term and projects-restricted funding approach towards a longer-term, more flexible (unrestricted) one. A second trend is that we are moving towards a partnership approach with grantees often building relationships based on trust, rather than control. Philanthropists increasingly engage in transparent dialogue, collaborate with other funders, and explore the potential of collective and collaborative philanthropy.
>
> **Carola Carazzone, Vice President, Philea and Secretary General, Assifero**

Based on her experience working with family foundations, Carola Carazzone adds:

> Perhaps prompted by the rise of impact investing, we are likely to see that funders want to explore new innovative funding practices, beyond simple grant-making. They are also likely to rethink the role their endowment plays in achieving the foundation's mission.
>
> **Carola Carazzone, Vice President, Philea and Secretary General, Assifero**

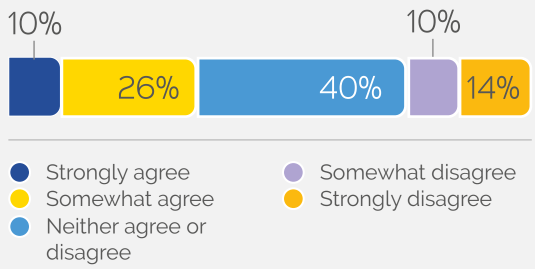
In this context, philanthropic support organisations (i.e., regional, national, international or thematic networks) have an essential role to play in: accelerating the learning process; facilitating collaborations; enhancing the circulation of best practices, resources, and ideas; providing spaces for participant exchange and experimentation; and for giving the philanthropic system a collective voice.

Respondents are undecided about the role of blockchain technology in philanthropy

Blockchain technology is increasingly being used in a variety of industries and sectors. When respondents were asked if they agree with the statement that philanthropists and impact investors would benefit from blockchain technology, they were largely undecided. Two in five (40%) neither agreed or disagreed with the statement, while a third (36%) agreed and a quarter (24%) disagreed (**figure 7.4.**). This, in part, reflects broader uncertainty about blockchain's potential to transform everyday life.

Figure 7.4
Attitudes on blockchain

Impact investing and philanthropy would benefit from blockchain technology



Base: Respondents active in philanthropy and impact investing.
Source: Campden Wealth / GIST Initiatives / Barclays Private Bank, Investing for Global Impact 2022.
Note: Figures may not add up to 100% due to rounding.

> There is a transition happening in the family. The children of the main wealth-holder are more sensitive to ESG and impact investing than he is.
>
> **CIO, single family office, Liechtenstein, Europe**

Roundtable discussion

Ageing gracefully – how to ensure quality of life for the elderly

The world's population recently reached eight billion. While most emerging market economies are looking for ways to prepare for a significant growth in their populations, people in Western countries are living longer than ever. For this roundtable, we gathered together experts in ageing to discuss how to improve populations' quality of life when people are living longer.

- **Moderator – Mario Marrazziti,** Human rights advocate, author, and former Member of Parliament (MP). As an MP to the Italian Camera dei Deputati, he served as President of the Human Rights Committee and as Chair of the Welfare and Health Commission and Vice Chair of the Commission of Inquiry on the Migrants Welcome and Host National Network. Mario Marazziti is a co-founder of the World Coalition Against the Death Penalty. He has published 11 books promoting peace-building and inter-faith dialogue worldwide. He is best-known for his publication "Thirteen Ways of Looking at the Death Penalty".

- **Speaker – John Farrell,** Director of the Reference Site Collaborative Network, RSCN. The RSCN is a Belgian based not-for-profit organisation representing 65 accredited Active and Healthy Ageing (AHA) Reference Site regions, which promote a life-course approach to active and healthy ageing by developing strategic collaborations across government, health, and care providers, universities and industry, and by promoting and implementing major innovations and digital health care solutions.

- **Speaker – Dr. Giuseppe Liotta,** Associate Professor of Hygiene at the University of Rome Tor Vergata and coordinator of the European Reference Site for Active and Healthy Ageing (AHA) Rome Tor Vergata. He has been working for the last 30 years in the field of community care model for older adults, people living with HIV / AIDS, and Cancer patients. He is consultant of the International DREAM programme to prevent and care for people with HIV / AIDS in sub-Saharan Africa. He participated in several international and national projects (VIGOUR, Long Live the Elderly, Building AHA). He is the author of more than 200 peer-reviewed journal publications.

- **Speaker – Dr. Elisio Costa,** Professor in the Department of Biological Sciences in the Faculty of Pharmacy of the University of Porto, Portugal. He is also a researcher in Applied Molecular Biosciences at the same institution and a coordinator of the Competence Center on Ageing at the University of Porto, an interdisciplinary knowledge centre that promotes active and healthy living. Previously a member of the European Innovation Partnership on Active and Healthy Ageing, Elisio Costa currently serves as the scientific coordinator of the Porto4Ageing Reference Site in AHA.

> Ageing affects everyone, and sadly, it can be a nightmare. Many older people spend their final years in isolation or institutionalisation.
>
> Mario Marrazziti

Mario Marrazziti: *Ageing affects everyone, and sadly, it can be a nightmare for many. Many older people spend their final years in isolation or institutionalisation. Therefore, we want to focus on rebuilding active ageing, good practices of social inclusion, and to create new paths for welfare and health services. We are discussing this issue in a time of war, and we are talking about this issue at a time when the global COVID-19 pandemic is still with us. These issues undoubtedly have affected our models of life and*

> One of the biggest challenges in the years to come is how to enable people to live with chronic diseases without losing their quality of life. Among 65-year-olds today, 50% have two or more chronic diseases and, on average, they still have 20 years to live.
>
> **Elisio Costa**

our social and health services. Social inequalities have become more significant in recent years, and they more strongly affect the lives of the elderly and the frail.

John Farrell: I would like to add some context to the issue of ageing. In Europe, the population aged 65 or older is the fastest-growing demographic. In Italy, 23.2% of its population is already in that category, Greece and Finland 22.3%, Portugal 22%, and Germany almost 20%. When we look to the future, we find that 50 years from now, it is estimated that 30% of the European population will be 65 years or older, and 13% will likely be 80 years or older. This is concerning because we are not just facing an ageing population, but citizens are also living longer. As a result, there will be economic and societal challenges. We expect governments, healthcare providers, and other stakeholders to recognise the benefits digital technology and innovation brings to support staff, researchers, and SMEs in developing new solutions to support citizens and service providers through this demographic change.

Active and Healthy Ageing Reference Site regions within the RSCN network are developing and implementing patient-centred holistic approaches to active and healthy ageing within the life-course. Such approaches aim to look after an individual from an early age and identify the health disease risks they might face. The goal is to plan for an active and healthy life for all citizens. That can be in terms of health, well-being or disease prevention. We need to empower individuals to live healthier lifestyles from early on. Just because someone gets old doesn't mean they are not valuable to society. We need to look for options and create generational solidarity that provides community spirit, brings people together, and enables them to continue contributing value to society.

This is a joint effort for healthcare and social care providers, government, public authorities, universities, research institutions, small and medium companies (SMEs), startups, civic society, carers, patients, investors, etc. Together, these entities in each region can identify and understand the health and care challenges and opportunities, and develop a list of services, innovations, and solutions to cater for a life-course approach to active and healthy ageing.

Mario Marrazziti: *Our goal is, of course, to achieve active, healthy ageing, but when it is not so healthy or active, we should at least aim for a dignified and healthy way of living. Elisio Costa, you have been working on the topic for many years, please share your thoughts.*

Elisio Costa: One of the topics I would highlight is the issue of chronic diseases – a topic that is increasingly relevant when people get older. One of the biggest challenges in the years to come is how to enable people to live with chronic diseases without losing their quality of life. Among 65-year-olds today, 50% have two or more chronic diseases and, on average, they still have 20 years to live. My main concern is how we can live 20 years with chronic conditions, not just stay alive. We talk a lot about health. However, it's also essential to be sure people enjoy their well-being and quality of life while struggling with multiple health conditions. Medical training needs to change and adapt to a more holistic approach, looking at individuals with co-existing multi-morbidities, i.e. medical students are taught how to treat a single health issue, e.g., diabetes or hypertension, but often are unable to treat a patient with three, four, or more conditions.

Imagine an elderly individual with four chronic diseases. It is incredibly hard for family members, because you need one person who is 100% dedicated to the patient, so that they can attend all their appointments and make sure they follow their prescribed treatments every day. Otherwise, there is a risk that these patients will end up hospitalised.

Mario Marrazziti: *I have a statistic here to highlight your point. When we turn 65, 80% of our needs, more or less, are more social, while only 20% are health-related. However, social and healthcare systems often do not collaborate. As a result, a minor issue, such as not taking a pill at the right time of day, goes directly to the health side of the system instead of being tackled at home. We should focus on promoting social care and collaboration rather than sending all cases into the healthcare system.*

Elisio Costa: I agree that quality of life and well-being are also social aspects. Moreover, when you take into account the problem of isolation during old age, addressing this specific factor is extremely important in order to achieve the needed quality of life we are referring to. However, some of the current solutions also raise concerns in terms of the autonomy and dignity of the individuals we are trying to help. For example, constant monitoring using cameras might be interesting in terms of prevention of accidents, but it also means disrespecting the privacy of the people under surveillance.

> I agree that quality of life and well-being are also social aspects. Moreover, when you take into account the problem of isolation during old age, addressing this specific factor is extremely important in order to achieve the needed quality of life we are referring to.
>
> Elisio Costa

So, while we develop the technology, we also need to strengthen ethics and data protection in digital health and social care. Moreover, it would be important to develop better evaluation methodologies for the assessment of the impact of social and technology interventions. People working on these technical issues need to pay more attention to the importance of an ethical committee and put proper data protection management in place.

> We should focus on promoting social care and collaboration rather than sending all cases into the healthcare system.
>
> Mario Marrazziti

Let's also remember that telehealth still needs improving too. This is a top priority. At this point, there are a lot of telehealth consultations, but they are mostly internet-based calls. We need a way to implement telemedicine effectively. We need sensors that allow physical examinations at a distance, for example. We already have some tools like measuring temperature or arterial tension, but we need to improve this. This is a massive opportunity for startups and SMEs because there is a technological gap that needs to be filled. Developing telehealth and telemedicine further will ensure that future care models are most effective.

John Farrell: I agree with you. When we think of telehealth and telemedicine, the big challenge I see is interoperability, that is collecting and organising data from third-party monitoring devices and integrating this with the data collected by health and social care providers on a patient's electronic health record. Collating all this information and making it available to health and care professionals will improve diagnosis and decision making and therefore inform the types of patient interventions and treatments required. These collated datasets gathered across the population can also support national health promotion and disease prevention strategies, identify citizens at risk of particular disease areas, and effective intervention programmes. However, for this to be effective, governments need to progress their plans for introducing electronic health records for all citizens and integrating these with social care records.

There are some successful models of fully integrated health and social care records, but more needs to be done in this area in order to maximise the real benefits of interoperability. Creating integrated electronic health records will be critical to managing a person-centred life course approach to active and healthy ageing.

> Creating integrated electronic health records will be critical to managing a person-centred life course approach to active and healthy ageing.
>
> John Farrell

Mario Marrazziti: *I want to give a word to Professor Giuseppe Liotta, who is also one of the coordinators of the "Long Live The Elderly" programme.*

Giuseppe Liotta: Before I explain our programme in detail, I want to add a point about digital transformation. Digital health applications need to be embedded into a service. Just because we have devices doesn't mean we can solve a problem. Instead, we need services in which devices are embedded properly so that professionals who receive the information can decide what to do with it and how to treat the patient. We currently have a lot of information, devices, and possibilities. However, we must test these models at a community level and check how specific devices can be successfully embedded with health and social services.

People are different, and their needs are personal. Any service must be person-centred. That's still a challenge. In most cases, we still separate social, health, and other care provision, and service organisation is highly fragmented. I was a member of a commission for the Ministry of Health in Italy. I can tell from experience that it is enormously challenging to align services, even though everyone concerned with the topic was convinced it must be done.

Mario Marrazziti: *Please tell us more about the programme you are involved in, which is an excellent example of what the future of ageing could look like.*

Giuseppe Liotta: Long Live the Elderly is a grassroots initiative putting together social and health care. The programme has been carried out by the community of Sant'Egidio, a non-profit organisation, since 2004. We started the initiative because of a massive wave of unexpected deaths in Southern Europe registered during summer 2003, caused by a persistent and abnormal increase of temperature. Most of these people were over 75 years and living alone. Social isolation often creates a traumatic experience in the lives of older people. In 2004, the Ministry of Health in Italy pushed to launch pilot programmes to test different approaches to keeping the elderly better integrated into our communities. Several researchers found that social isolation increases the risk of dying sooner by 30% each year. But, for most households, living alone is the standard way of life. In Rome, for example, 40% of people aged 80 or older live alone.

Our programme gets in touch with older individuals and develops an individual care plan. In this care plan, we could be looking for more health care or just someone who is looking after you from time to time. A person may need a financial subsidy because you need to pay for something. We help to provide all types of services to re-integrate the elderly into our communities.

Mario Marrazziti: *If I understood correctly, the programme gives a personalised social and health diagnosis, then tries to provide what is missing to the individuals living in certain areas. Maybe a person has no elevator and lives on the top floor, or another person struggles because they have no relatives nearby. Another person might forget when to take their medicine, etc. The programme creates a network of people in close proximity who could help them, is that right?*

> Social isolation often creates a traumatic experience in the lives of older people...
>
> Several researchers found that social isolation increases the risk of dying sooner by 30% each year.
>
> **Giuseppe Liotta**

Giuseppe Liotta: Yes, that's exactly right. We also gather people at the community level who would want to volunteer. So, the programme includes younger people and connects them to socially isolated people. The general idea is to increase social capital at the individual and community level. This social capital is the most essential resource we have in our society. We created a matrix of professionals, volunteers, and others from a similar age group. Some of these older adults simply contribute by offering friendship to their peers.

The critical lesson learned is that our programme actively engaged older adults and fostered connections between neighbours in meaningful ways. Sometimes it's just knocking at the door because you haven't seen the other person for a while. The approach has been highly influential during the pandemic as we could encourage people to stay in touch and sometimes also to get the most vulnerable individuals vaccinated early on.

John Farrell: These community-level approaches show positive results in terms of reducing social isolation and loneliness. The next step is to demonstrate the impact of such community-level approaches. We need to define indicators and then assess the variation across the different approaches, their effectiveness, and the overall satisfaction of the people involved.

> These community-level approaches show positive results in terms of reducing social isolation and loneliness.
>
> **John Farrell**

Mario Marrazziti: *Thank you everyone for this stimulating conversation. As we approach the end of our session, I want to raise the problem of financial resources and planning for the future. As we heard from John, the elderly will increasingly take up a large proportion of the population in the western world, but can the budget for social and health services grow at the same pace?*

I want to encourage everyone to participate, imagine new models, and invest in alternative paths, such as the Long Live the Elderly Programme and similar initiatives. Collectively, we need to channel existing resources to build a system that works, especially if public sector spending cannot meet the rising demand of an ageing population. We need to create scenarios where we can provide what is required to have people stay at home as long as possible. We must use our resources to promote existing homes, neighbourhoods, and communities. Most importantly, in addition to doctors, we need professional caregivers, nurses, attentive neighbours, and community members.

Thank you all for your expertise and valuable contributions. ■

> I want to encourage everyone to participate, imagine new models, and invest in alternative paths...
>
> Collectively, we need to channel existing resources to build a system that works, especially if public sector spending cannot meet the rising demand of an ageing population.
>
> **Mario Marrazziti**

8.

The partners' view

How would you describe the impact investing market today?

Gamil de Chadarevian: The market is realising "you get the future you invest in." It's moving beyond simply ESG for risk-management for more holistic and engaging approaches that can deliver transformational, quantifiable, and disruptive effects. Impact investing is showing it can be inspiring, innovative, and game-changing.

Damian Payiatakis: Having rapidly matured over the last couple of years, the market might be thought to have reached an adolescent phase – neither nascent nor mature.

Although some investors still need to be convinced of the rationale for the approach, the focus is more on "how" rather than "why". As a result, the desire for clarity is high, but many of the frameworks, tools, and practices are still in development. In essence, we're in the midst of difficult, even awkward, teenage years. However, we should acknowledge that this is natural in an evolving field.

In parallel, increased awareness and interest from families has yet to be translated into portfolio action. So, we're seeing them look for support on how to get started, navigate the field, and execute.

Rebecca Gooch: In 2010, impact investments were widely considered to be an "emerging asset class".[19] However, in 2022 the size of the impact investing space surpassed the US$1 trillion mark. The market is young, but maturing rapidly. A unique feature is its ability to change the investing landscape as a whole, as even traditional investors are rapidly integrating ESG factors into their investment decisions (**Chapter 2**). This positive development showcases the power of impact investing and its potential to drive widespread change.

What makes impact and / or philanthropy unique when a family (or individual, family office, foundation) is involved?

Gamil de Chadarevian: In my personal experience, families want to achieve more than expected so provide additional generosity and commitment. Case studies in this report – around transforming a family shipping business, the power of theatre, or investing in conflict

Gamil de Chadarevian,
Founder, GIST Initiatives Ltd.

Damian Payiatakis,
Head of Sustainable and Impact Investing, Barclays Private Bank

Dr. Rebecca Gooch,
Senior Director of Research, Campden Wealth

[19] Impact investments: An emerging asset class, 2010, J. P. Morgan Global Research

regions (on **page 32, 58,** and **67**, respectively) – demonstrate the drive that families have to explore innovative solutions that transform lives and generate more sustainable value for the people and planet, hence elevating their respective profiles.

Damian Payiatakis: From a familiar adage, we know all families are unique; but it's this individuality that shapes how each of them approaches impact investing and philanthropy. Distinct from institutional or governmental organisations, family investing and giving can be informed by their passions, businesses, values, and interests. In addition, their primary motivation is the "responsibility to make the world a better place" which is a different foundation for their efforts (**Chapter 2**).

As such, they have more flexibility – how and where they deploy capital, the investment time horizon, their risk appetite, or the contribution they want their capital to make. While keeping up with this diversity can be challenging, it also makes the engagement all the more enjoyable.

> The market is young, but maturing rapidly. A unique feature is its ability to change the investing landscape as a whole, as even traditional investors are rapidly integrating ESG factors into their investment decisions.
>
> **Dr. Rebecca Gooch, Senior Director of Research, Campden Wealth**

What's your advice for those concerned about impact-washing in impact investing / philanthropy?

Rebecca Gooch: Impact-washing can be tackled head-on by defining impact goals before making an investment and by conducting proper due diligence. Being familiar with the broader market will also help investors anticipate and address risks early on.

> Focusing on good fundamentals of investing can mitigate this risk – for example, holistic and dynamic due diligence and assessment, concentrating on the outcome, and being willing to have intentional, personal, and direct engagement.
>
> **Gamil de Chadarevian, Founder, GIST Initiatives Ltd.**

Exiting impact-washed investments is a last resort, but it effectively sanctions fraudulent behaviour.

Gamil de Chadarevian: First, one can start to avoid this downside by having access to a trustworthy pipeline of projects. Also, focusing on good fundamentals of investing can mitigate this risk – for example, holistic and dynamic due diligence and assessment, concentrating on the outcome, and being willing to have intentional, personal, and direct engagement.

Damian Payiatakis: From assessing numerous fund managers' claims to invest sustainably, I share the concerns raised by our respondents and that they aren't looking to regulatory labels or industry commitments to solve the issue (**Chapter 5**).

However, I'm also confident that impact-washing can be avoided with the right mindset and guidance. I appreciated Carola Carazzone's, Vice President, Philea and Secretary General, Assifero, triad of additionality, measurability, and intentionality as starting principles for investors (Conclusion, **p. 85**).

Furthermore, we have outlined three actions for investors. First, articulate your preferences so that you know your priorities before you act. Secondly, understand the manager's investment process, not just the outcome presented in marketing documents and impact reports. Lastly, use labels as a starting point, but don't be overly reliant on them.

What do you see as the relationship between impact investing and philanthropy?

Gamil de Chadarevian: Both impact investing and philanthropy are a "force for good" that can deliver a profound and measurable outcome. As Carola Carazzone, Vice President, Philea and Secretary General, Assifero, illuminates (**p. 86**), intensive interactions and concerted effects connecting impact and philanthropy have an untapped potential.

> Families may be able to play an outsized role, through their investing and giving, in helping to deal with crises as they emerge, also benefiting their personal objectives.
>
> Damian Payiatakis, Head of Sustainable and Impact Investing, Barclays Private Bank

Damian Payiatakis: Impact investing and philanthropy, as tools to generate impact, should be used more in conjunction with each other than they generally are. Most families and foundations manage impact investing and philanthropy separately. While simpler to operate this way, it misses the reality of their existing relationship. For example, a family's investments may create issues that their philanthropy seeks to address. So, as a starting point, getting them consistent and aligned to family values is critical so that they're both pulling in the same direction.

More importantly, they can be complementary, or even catalytic, for each other. For example, innovators are linking up different types of capital to meet the changing needs of entrepreneurs – a foundation providing grants, or recoverable grants at the initial stage, and then the portfolio providing investment capital at a later stage. We expect, and hope, more families will take a holistic and integrated perspective to amplify the impact of their wealth in the future.

As multiple, global crises likely continue in 2023, what does the future of impact / philanthropy look like?

Damian Payiatakis: Families may be able to play an outsized role, through their investing and giving, in helping to deal with crises as they emerge, also benefiting their personal objectives.

Spending by governments, companies, and the public is likely to be squeezed in 2023. So, it's unlikely that large amounts of new capital will be available to address urgent social and environmental issues. Therefore, how, and how well, impact investors and philanthropists use their capital may have a bigger influence on global crises.

Rebecca Gooch: Designed to combat the damage caused by others, impact investing and philanthropy are uniquely positioned to thrive in times of crisis. Helping to advance different goals, the two approaches can alleviate the effects of economic turmoil and rising social inequality.

Impact investing might foster innovation that tackles accelerating energy costs or contains carbon emissions. Philanthropy can provide humanitarian aid in the face of environmental disasters, which will likely increase over the coming years. Impact investing and philanthropy have proven to be effective in promoting positive change and help us reset our goals towards more inclusivity, sustainability, and resilience.

Gamil de Chadarevian: To deliver a greener future and prosperity, impact will need to evolve and be driven by an inclusive approach that uses best practices. We want to be strong on our mission but flexible on our approach. In the future families and their businesses need to consider all stakeholders, including nature and the environment, and not prioritise personal gains or shareholders only. Patagonia is an inspiring case. With the global crises we face, we want more examples of sustainable impact at scale!

GIST Initiatives Ltd. – Global Impact Solutions Today

GIST Initiatives (GIST) is a thought-leader; we bridge the gap between social & business, ideas & practice, and donors & grantees. We work with organisations to adapt business models and philanthropic approaches, to introduce and integrate new perspectives of social impact and to deliver advisory services. We define sustainability and impact as a transformational, innovative, and holistic business model, presently the most sophisticated, that provides a competitive edge, delivers healthy financial returns and mitigates future risks - a force for good.

Philanthropy and impact investing suggest and imply different things to different people. As a think tank on this subject, we explore how family offices, foundations and organisations approach impact investing and philanthropy trends. GIST is the Founding Partner & Lead Sponsor of the annual report "Investing for Global Impact – A Power for Good", a leading knowledge platform to broaden understanding, identify trends, and provide a unique peer-to-peer benchmark for individuals, families, family offices, and foundations.

GIST and its network support endeavours and charitable initiatives that have potential for long-term, holistic, sustainable impact.

At GIST we strictly follow ethical principles. We do not compromise our values, strong purpose, integrity, and credibility.

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privatebank.barclays.com/insights

Campden Wealth

Campden Wealth is a family-owned, global membership organisation providing education, research, and networking opportunities to families of significant wealth, supporting their critical decisions, helping to achieve enduring success for their enterprises, family offices and safeguarding their family legacy.

The Campden Club is a private, qualified, invitation only Members club. Representing 1,400 multi-generational business owning families, family offices and private investors across 39 countries. The Club delivers peer networking, bespoke connections, shared knowledge and best practices. Campden Club members also enjoy privileged access to generational education programmes held in collaboration with leading global universities.

Campden Research supplies market insight on key sector issues for its client community and their advisers and suppliers. Through in-depth studies and comprehensive methodologies, Campden Research provides unique proprietary data and analysis based on primary sources.

Campden Education delivers a virtual training platform empowering families with practical knowledge and the tools to make informed decisions. Drawing on deep expertise and real-world experiences, our programmes are designed to guide the whole family through all stages of ownership and growth.

Campden Wealth owns the Institute for Private Investors (IPI), the pre-eminent membership network for private investors in the United States founded in 1991. In 2015 Campden Wealth further enhanced its international reach with the establishment of Campden Family Connect PVT. Ltd., a joint venture with the Patni family in Mumbai.

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Conclusion

During 2022, investors have faced a difficult year with upheavals across financial markets, economic, environmental, social, and political dimensions. Effects of the Covid-19 pandemic lingered. A nascent energy crisis was accelerated by the Russian invasion of Ukraine. Effects of climate breakdown became more apparent and COP27 progress was challenged by economic conditions. Inflation reached levels unseen for decades.

For our respondents, as well as wider governments, businesses, and non-governmental actors, these are serving as catalysts to re-evaluate the current system. Emerging is a new holistic approach that includes consideration of social and environmental impacts and externalities along with economic and financial ones.

Impact investing is becoming a fundamental tool within this new approach which, as this report recognises, is being adopted across the community of private investors and family offices. Seventy percent of the impact investors who responded to our survey believe impact investing is no longer in its infancy but rather is poised for either steady or rapid expansion.

To continue to mature, investors and the field will face challenges and opportunities in the coming years:

Challenges:

Measurement and reporting

The sector, and regulators, continue to establish guidelines for measuring and demonstrating social and environmental impact. However, 98% of respondents think that the lack of sophistication of impact measurement and management tools remains a primary challenge for the field. Once in place, improved impact management should help accelerate further adoption given a third of respondents (33%) cited this as a barrier to starting or increasing their impact investing activity.

Overcoming greenwashing

Compared to last year, concerns are intensifying about greenwashing with over half (52%) admitting they are strongly concerned, compared to 46% last year. In total, a vast majority of respondents (75%) have some concern about making an investment that is greenwashed.

Nearly half of respondents (48%) rank impact / greenwashing as the top challenge over the next five years, so addressing this issue is paramount for both investors and the field. To overcome this, investors indicate they'll be looking for experience and credibility more than commitments or regulatory labels.

Additionally, Carola Carazzone, Vice President, Philea and Secretary General, Assifero notes, ***"My advice would be: put the triad of additionality, measurability, and intentionality at the centre of your investment decisions. This requires knowledge and competence, and not being afraid of entering this space to be making a difference along with others."***

Impact investors are satisfied with their returns, but the message needs spreading

Those surveyed recognise that the two key elements of impact investing (social / environmental benefits and financial returns) can be symbiotic, not mutually exclusive. Accordingly, 80% of respondents think investors do not have to give up returns when investing for impact. Confirming this view, 77% of respondents reported that their 2021 financial impact returns exceeded or met their expectations, compared to 83% for traditional investments.

However, even as the field matures, 20% of respondents still believe that investing for impact requires sacrificing returns, so continuing to spread the word will remain important. However, with a growing community, more case studies will highlight the strategies needed to navigate the landscape successfully.

Opportunities:

Investor demand can stimulate more impact investing from financial services

Impact investing is continuing to attract a range of investors, such as family offices, individual investors, foundations, charities, and universities. However, in our interviews, many confirm that some players in the financial industry remain reluctant to embrace impact investing, often due to a lack of expertise in this relatively young sector.

As demand for better services grows, industry participants will adapt and improve. Product accessibility and diversity has significantly increased due to the rising interest and expectations of impact investors. We expect investors to push for more progress, to request better due diligence, and to insist that advisers support the successful creation and pursuit of one's personal investment philosophy.

Aligning family values and efforts across philanthropy and impact

While historically philanthropy and investing have been managed separately, families are recognising all their capital has an impact on the world. So, they are looking to have consistency across their philanthropy and investing, and even operating businesses, with a common set of values and beliefs.

Supporting this shift is the same underlying motivation – a responsibility to make the world a better place, whether as a philanthropist (77%) or an impact investor (75%). The result is that 58% indicate they're seeking to coordinate philanthropic giving and investing in terms of aims and themes.

The benefit of better connectivity between impact investing and philanthropy is seen by Carola Carazzone, Vice President, Philea and Secretary General, Assifero, who explains, ***"Aligning the mission of impact investing and philanthropy will reveal the untapped potential for growth as foundations will be able to better leverage hybrid financial instruments, grant-making, and investments."***

With nearly 7 in 10 (68%) of those surveyed agreeing that philanthropy and impact investing should be used jointly on the same issues to generate impact, we should expect more development in this space.

Listening and linking to the multiple generations within a family

Sixty-eight percent of respondents believe impact investing is being driven by younger generations. At the same time, older generations are overcoming past hesitations and now 79% of those in charge of the family wealth are reportedly embracing the topic. This report shows that, similar to philanthropy, impact investing can create a bridge between generations, with 80% of those surveyed believing that involving the next generation in impact investing will prepare its members to take on greater family responsibility (83% for philanthropy).

Families wanting their wealth to be multi-generational can use impact to bring each other closer together. At the same time, they can create a better future for all, one more conscious about how we steward the planet and the people around us.

10.

Appendix

10.1 Definitions

Assets under management: Assets under management (AUM) is the total market value of the investments that a person or entity manages on behalf of clients.

Carbon footprint: The amount of carbon dioxide, or greenhouse gas emissions, released into the atmosphere as a result of the activities of a particular individual, organisation, or community.

Climate change: The shift in global, regional or local climate patterns. The rise in global temperatures from the mid-20th century to the present is often referred to as the most relevant cause of climate change. For the purpose of this report we define climate change as the result of global warming and a broader range of changes which are predominantly driven by human activity - also referred to as The Anthropocene.

Covid-19 pandemic: The recent pandemic of an infectious disease caused by a newly discovered coronavirus. The World Health Organization declared the outbreak a Public Health Emergency of International Concern on 30 January 2020 and a pandemic on 11 March 2020.

Fossil fuels: A natural fuel such as coal, petroleum or gas, formed in the geological past from the remains of living organisms. Fossil fuels can release large quantities of carbon dioxide when they are burned and lead to the emission of toxins and global warming, thereby being hazardous to public health and the environment.

Business Growth: Positive EBITDA (Earnings before interest, taxes, depreciation, and amortisation) generated by a business / company.

Impact investing: Investments made with the intention to generate positive, measurable, social, and environmental impact alongside a financial return. Impact investments can be made with different investment approaches, across asset classes, and target a range of returns from below market to market rate, depending on investors' strategic goals.

Investable assets: Investable assets include cash, funds in your bank accounts, money held in retirement accounts, mutual funds, stocks, bonds, certificates of deposit, and insurance contracts with cash value. Excluded from investable assets are those not easily converted to cash, also known as physical or tangible assets.

Mature: A company that has stabilised at scale and is operating profitably.

Net worth: Net worth is the value the assets a person or corporation owns, minus the liabilities they owe.

Paris Agreement: An international treaty on climate change with the goal to limit global warming below 2˚Celsius, and preferably below 1.5˚Celsius, compared to pre-industrial levels. The agreement encourages cutting CO_2 emissions by 50% by 2030 and to achieve net-zero by 2050.

Philanthropy: Charitable giving to human / environmental causes on a large scale. More than a charitable donation, it is an effort undertaken by an individual or organisation to improve social and environmental welfare. Wealthy individuals or families sometimes establish foundations to facilitate their philanthropic efforts.

Seed / startup: A business idea exists, but little has been established operationally; pre-revenues.

Traditional investment: Investing focused mainly on maximising financial returns with no / minimal consideration of the environmental, social, governance factors or the impact of the investments.

UN Agenda 2030 and SDGs: The Sustainable Development Goals are a collection of 17 interconnected goals and the blueprint to achieve a better and more sustainable future for all by 2030. They address global challenges, including those related to poverty, inequality, climate change, environmental degradation, peace, and justice.

Venture: Operations are established, and a company may or may not be generating revenues, but does not yet have positive EBITDA.

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Assifero, the Italian association of grant-making foundations. Established in 2003, it brings together 140 family, corporate, community foundations and other philanthropic organisations. **assifero.org**

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Philanthropy **E**urope **A**ssociation (Philea) nurtures a diverse and inclusive ecosystem of foundations, philanthropic organisations and networks in over 30 countries that work for the common good. It unites over 10,000 public-benefit foundations that seek to improve life for people and communities in Europe and around the world. It is the voice of European philanthropy. Its purpose is to harness its immense multidimensional potential. **philea.eu**

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SEREIN co-creates global well-being with families driven by a legacy to leave the world a better place. Our vision is a thriving and sustainable ecosystem. Our mission addresses the root causes that harm our planet, biodiversity and human health. The greatest impact on our planet is determined by the habitual choices we make every day. How we treat our bodies affects our planet. How we treat our planet affects our health. Our strategy is facilitating human behaviour change and exponential ROI impact focused on decarbonisation (green hydrogen) and biodiversity. SEREIN is the Sustainability & Impact Director for the Norstar Group of Companies and transforming it to be the global leader in Sustainable Supply Chain Infrastructure & Logistics. With the backdrop of addressing myriad challenges inherent in the responsibility of custodianship, SEREIN empowers individuals to connect with what makes them truly thrive and lead a life of significance. It takes courage to do things differently. SEREIN and GIST support visionary leaders with compelling missions. **www.sereinprivate.com**

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Kurt Alexander & Victoria Engelhorn, KUSANA, A FAMILY EQUITY FIRM

Myself and my immediate family are a small part of a wider, diverse family, whose activities started in 1865 with the foundation of BASF through Friedrich August Engelhorn. Friedrich Engelhorn also acquired Boehringer Mannheim (BM), which later become Corange Ltd (BM) and was bought by Hoffmann La Roche in 1997.

We are a 'financial family', a state of mind which must be abandoned as soon as possible, for becoming again an entrepreneurial family. Today our focus is on investing into businesses which concentrate on growth companies with software applications. Frog Capital, 'The operational expert in European software growth equity', is our partner in this. It invests in high-growth software companies across Europe using their unique 'scale-up methodology', which is a framework for appraising and carefully selecting investments. It uses a selective 'growth equity' strategy that invests in scaling companies with profitable business models and product market fit, and enhances value through its in-house operating partners.

We also invest in automobile heritage conservation and the renovation / conservation of historical and natural heritage sites in Switzerland, Spain, the United Kingdom, and South Africa. Here, we are involved in land management, agriculture, winemaking, and hospitality.

Our philanthropic efforts are guided by the belief that giving opportunities is key for creating better communities. In South Africa, where my daughter Victoria resides, we are an integral part of the Zip Zap Social Circus School, which gives kids from less privileged backgrounds the opportunity to explore their skills and realise their full potential. Victoria was also an early adopter of impact investing, and has been smartly allocating her resources here for a number of years to generate opportunities and positive futures for others.

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