

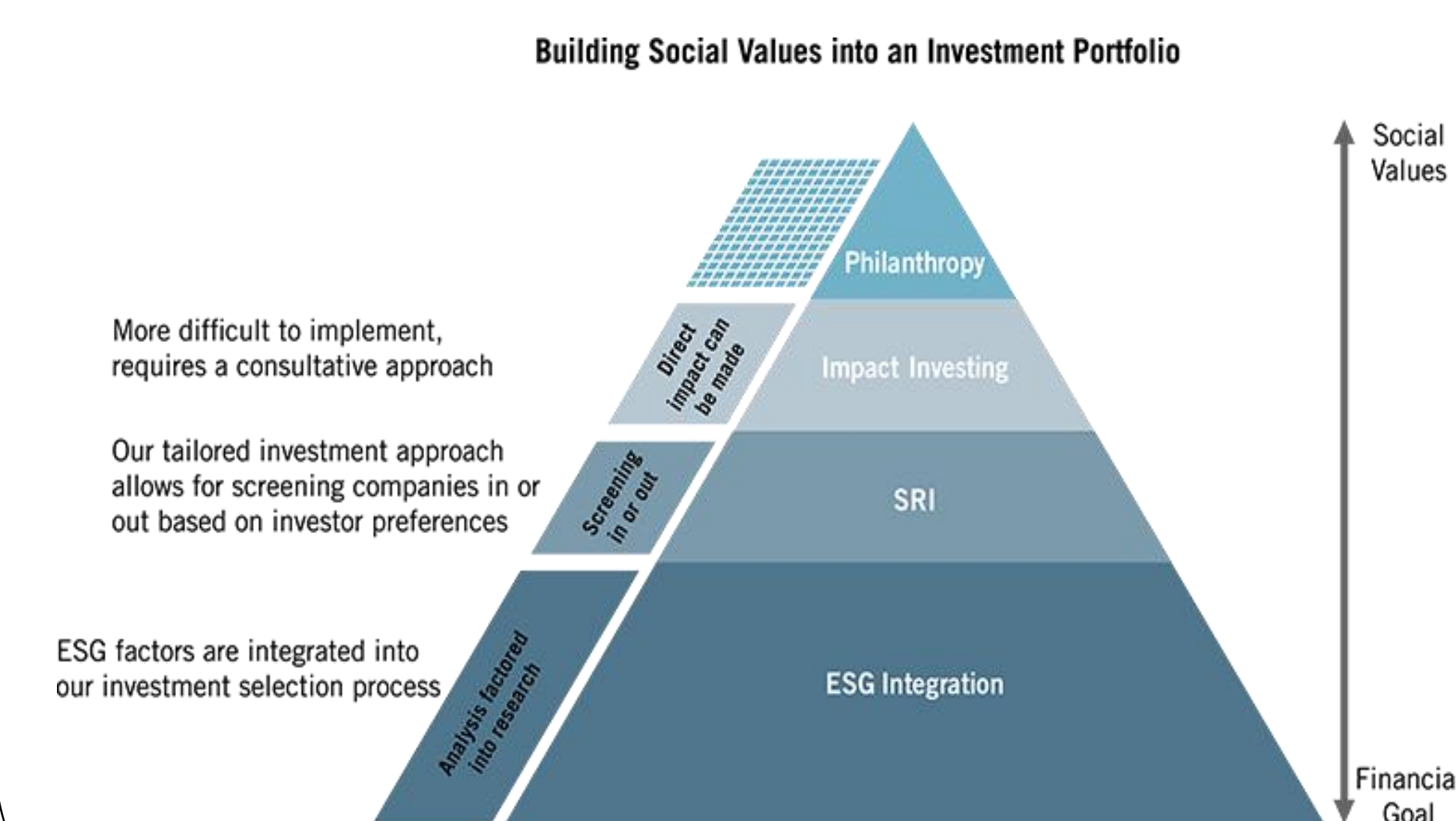
**Background:** Sustainable Development Goals (SDGs) were set by the United Nations in 2015 and are expected to be achieved by The COVID-19 pandemic and the current racial and civil unrest sparked by the killing of George Floyd has demonstrated the susceptibility of partnerships and collaborations to conflict. These have contributed to large-scale economical and political strife. Yet the time to face social and environmental challenges is now. SDGs require a capital input of \$5-7 trillion annually. No sector can sustain this investment alone. **Impact Investment** enables ‘profit and impact to walk hand-in-hand’.

**Research Project:** Assessed the current state of impact investment, proposed three major directions to improve the industry (with a focus on education), and evaluated a new impact investment initiative proposed by Kenan-Flagler’s Center for Sustainable Enterprise (CSE).

### Impact Investment Defined

- Provides capital to generate a measurable, beneficial social or environmental impact alongside a financial return
- Distinct from Environmental, Social, and Governance (ESG) and Socially Responsible Investing (SRG) investment strategies
- Refers to investments that are created directly or partially for social benefit
- Over **1,340** impact investing organizations world-wide
- Impact Investment organizations manage **\$502 billion**

In 2019, members of the Global Impact Investing Network (GIIN) reported a **13%** projected growth in the volume of capital invested and **14%** growth in their number of investments.



### New Directions in Impact Investing

- Increase the Number of Practices of Impact Investment**
  - Increase the volume of impact investment funds
  - Incorporate impact investment in more financial activities
- Increase the Efficiency of Impact Investing**
  - Improve project screening
  - Increase financial return
  - Reduce risk
  - Improve measurement and management
- Improve Impact Investing Education**

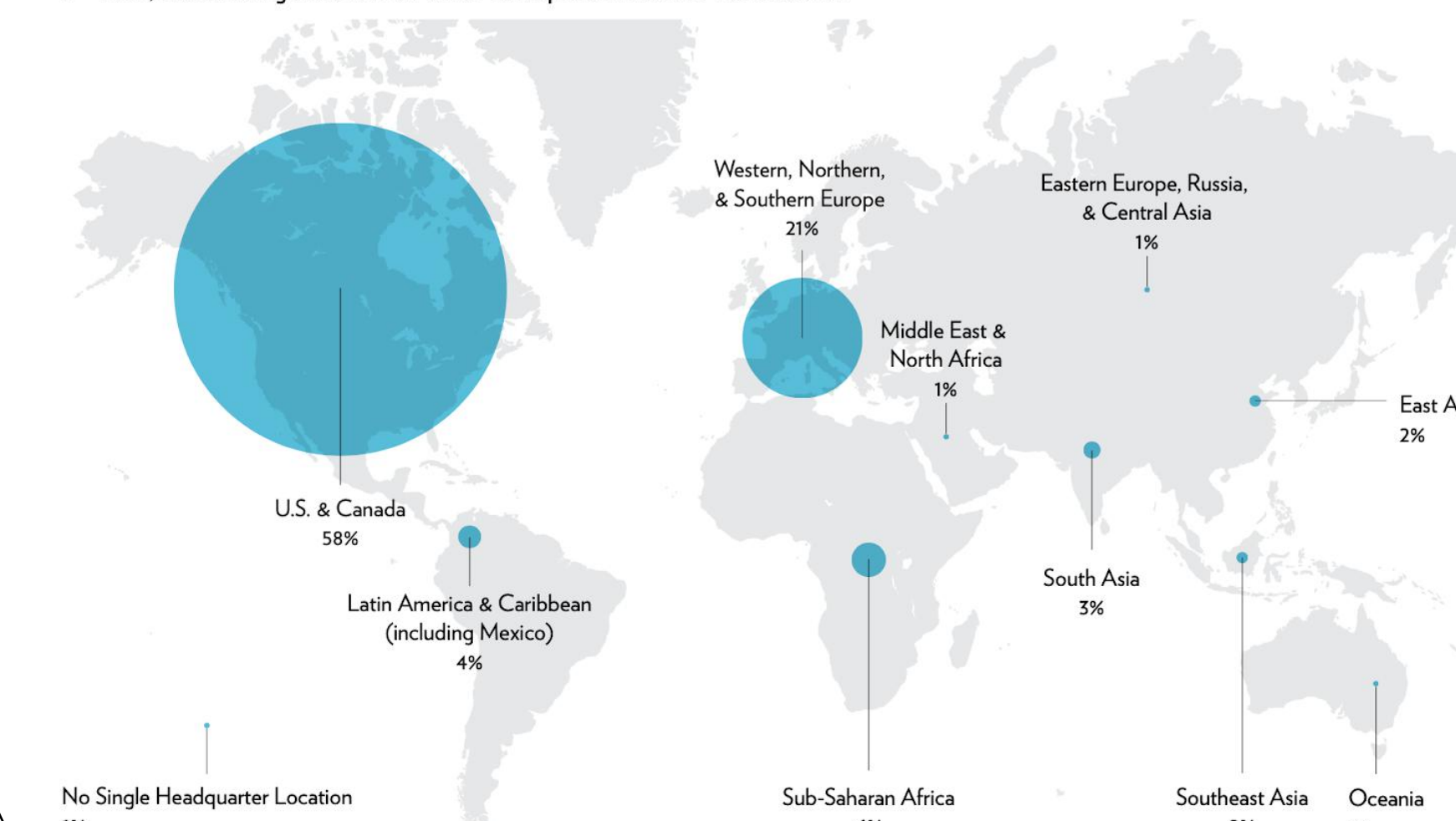
Sustainable finance typology	Value created	Ranking of factors	Optimisation	Horizon
Finance-as-usual	Shareholder value	F	Max F	Short term
Sustainable Finance 1.0	Refined shareholder value	F > S and E	Max F subject to S and E	Short term
Sustainable Finance 2.0	Stakeholder value	T = F + S + E	Optimise T	Medium term
Sustainable Finance 3.0	Common good value	S and E > F	Optimise S and E subject to F	Long term

Source: Bruegel. Note: F = financial value; S = social impact; E = environmental impact; T = total value. At Sustainable Finance 1.0, the maximisation of F is subject to minor S and E constraints.

### Enhance Impact Investment Education

- Impact investment education growing rapidly
- However, growth primarily occurring in elite U.S. business schools
- Little opportunities to learn about II outside of business school
- Research on **47** business schools around the world found that:
  - Most schools offer at least one sustainable finance-related course
  - Only **13** schools have a self-founded impact investment opportunity
  - Only **8** schools have an impact investment fund for students to run
  - Only **5** schools maintain comprehensive initiatives that incorporate at least 3 components
  - Only **4** schools open to or friendly to undergraduates

FIGURE 2 Organizations' headquarters location  
n = 1102; excludes organizations for which headquarters location was unknown.



### CSE's Impact Investment Initiative

#### Features

- Launched in 2020
- Comprehensive & broad appeal
- Undergraduate student involvement

#### Goals

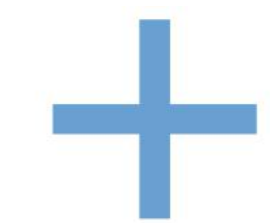
- Increase student satisfaction
- Increase educational value
- Boost Kenan-Flagler’s reputation
- Increase school revenue and outside funding
- Enhance stakeholder recognition
- Enhance school climate

#### Components

- Education
- Research
- Practices
- Professional Preparation



Impact



Investment

- Impact mindset helps with every career in promoting positive outcomes
- Both social impact and environmental impact; both long term and short term
- Teach impact design, goal orientation, plan executive, impact management, etc.

- Investment mindset is critical for successful work and life
- Both for-profit and non-profit; both long term and short term
- Teach how to invest for personal financial health, how to incorporate public good in investment, etc.

#### References

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