Thinking Ahead Institute

An investors' guide to communicating value created

Case studies from the sustainability impact working group

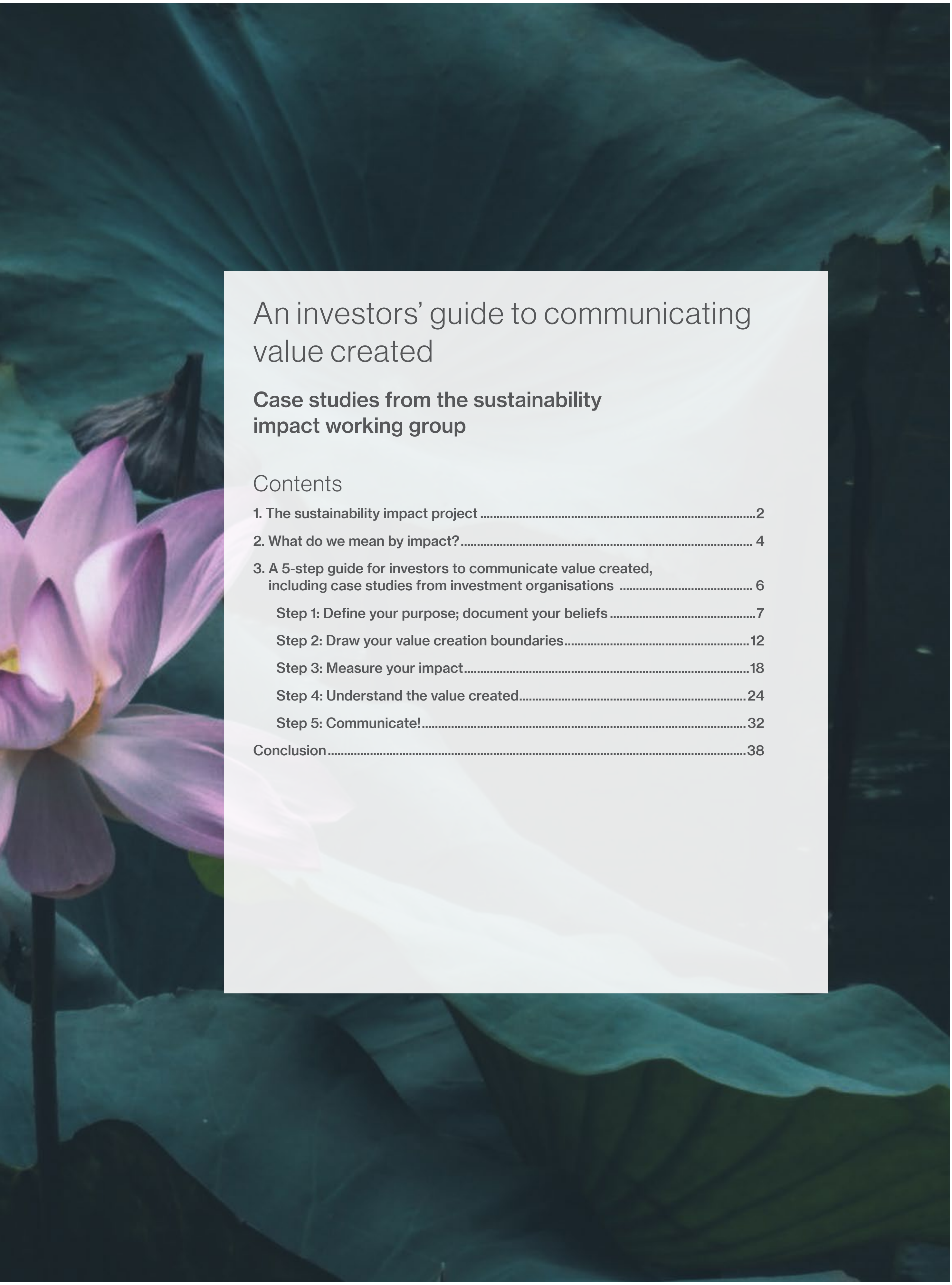
Sustainability impact working group

This document is written by members of the Thinking Ahead Group 2.0 (Marisa Hall, Tim Hodgson) following research and discussion by the Thinking Ahead Institute's sustainability impact working group. We are grateful to the members of the group for their input and guidance as we continue to advocate for change in the investment industry to improve the value proposition for the end saver, wider society and the planet.

This paper aims to provide practical examples of how investment organisations measure impact and articulate the value they create by using case studies provided by members of the working group. It follows on from the work of the Thinking Ahead Institute's value creation working group which help set the foundation for much of our thinking on understanding how our industry and investment organisations create value.

The members of the sustainability impact working group are as follows:

- **Adam Gillett** (Willis Towers Watson)
- **Allison Hill** (QIC)
- **Claire Cooper** (Dimensional Fund Advisors)
- **Herschel Pant** (AXA Investment Managers)
- **Ingrid Holmes** (Federated Hermes)
- **Liza McDonald** (First State Super)
- **Tracy Burton** (Coronation Fund Managers)



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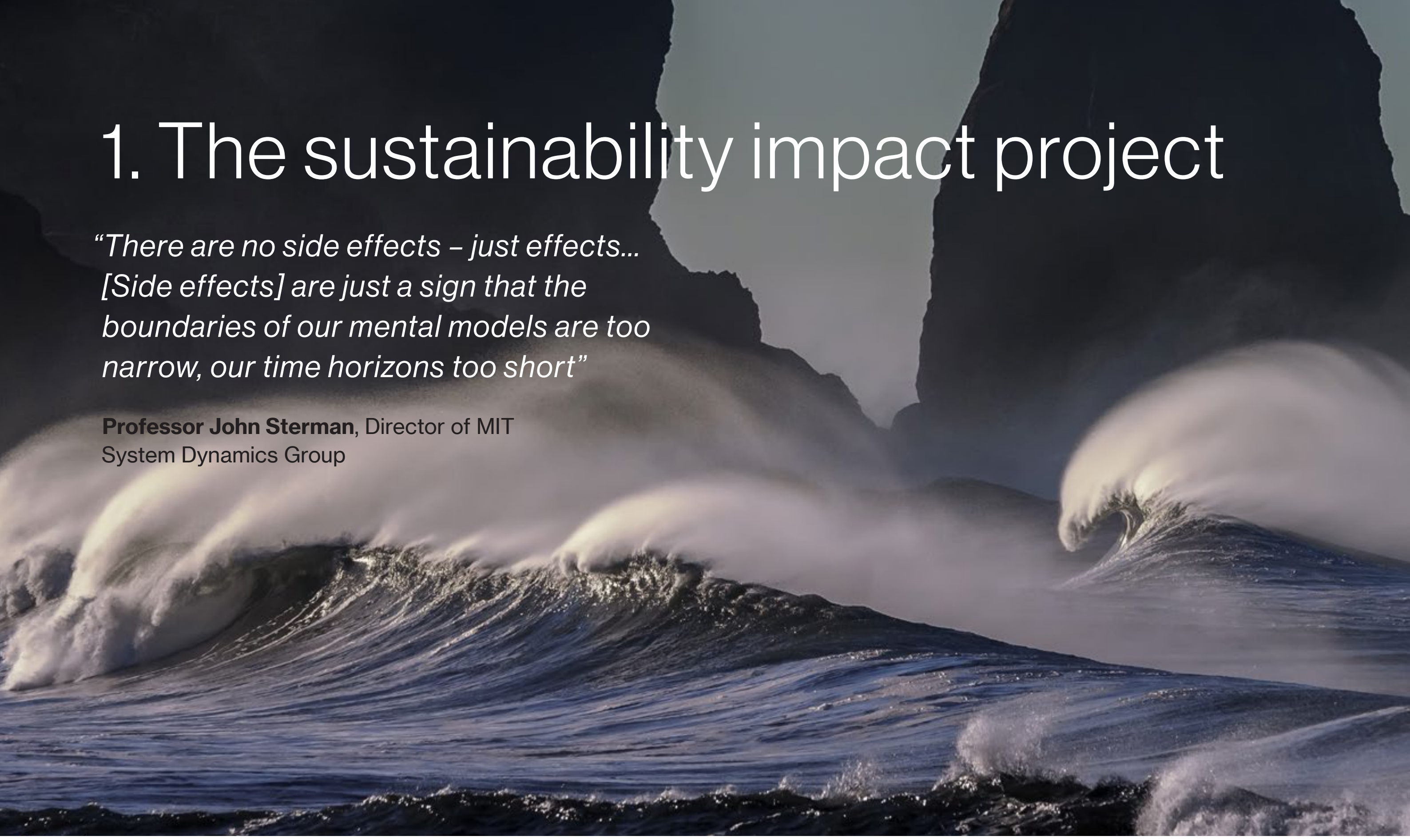
"There are no side effects – just effects... [Side effects] are just a sign that the boundaries of our mental models are too narrow, our time horizons too short"

Professor John Sterman, Director of MIT System Dynamics Group



Investment and fiduciary duty have historically been viewed in the context of solving a two-dimensional problem: maximising return and minimising risk. In an age where the legitimacy of the investment industry is a key issue, this is no longer sufficient. Our investments cannot be considered independently from either society or the environment and so we must include a third dimension: impact. That is, the effect our investments have on clients, on stakeholders, on wider society and the planet.

This paper examines what investment impact is and provides practical steps for measuring it and communicating it externally. Only by measuring it can investors know what impact their capital has on stakeholders and how they might want to change their deployment and stewardship of capital in light of this. Only by communicating it do raw impact statistics turn into narrative to help stakeholders understand what value our activities have had on their daily lives. Impact gets to the heart of the investment industry's societal purpose and value proposition, and therefore measuring and communicating it effectively is necessary to build trust and our social license to operate.

We were asked to establish some practical steps for assessing investment impact following the publication of our paper, Mission critical: understanding value creation. That paper proposed a new definition of value creation that put stakeholders at its heart: "Value creation is an increase in the stock of monetary and non-monetary resources used to create future wealth and well-being for stakeholders, as judged by observers, mindful of the passage of time."

So how can investment organisations respond to this new definition, to this more inclusive view of value creation? We describe five practical steps to help investors understand and communicate their value creation activities:

1. Define your purpose; document your beliefs
2. Draw your value creation boundaries
3. Measure your impact
4. Understand the value created
5. Communicate!

These practical steps are illustrated by examples taken directly from the investment industry. These examples, provided by asset owners and asset managers in the sustainability impact working group, should help guide other organisations in their quest to rethink what value really means and how they can measure their impact on stakeholders in their widest incarnations.

Practical steps for investment organisations

5 key steps to help investors understand and communicate value creation activities

1 **Define your purpose; document your beliefs**
Get strategic clarity on purpose, mission, values and goals and then build beliefs

2 **Draw your value creation boundaries**
Which stakeholders is value being created for and for which is it being destroyed?

3 **Measure your impact**
Collect data, measure what is meaningful

4 **Understand the value created**
Improve your decision making, build your narrative

5 **Communicate!**
Be transparent by reporting on the value created

2. What do we mean by impact?

There is no such thing as a neutral investment. The industry currently oversees around USD $100trn of capital on behalf of 3.8bn people while also affecting the lives of the other 3.8bn people. Every investment has an impact on the economy and therefore on society. This is true regardless of whether you invest directly in real assets or in companies, or delegate ESG integration to asset managers.

Let's be clear, we are talking here about the *impact of investing*, not impact investing. As many will know, impact investing is allocating capital with the intention to generate positive, measurable social and environmental impact, alongside a financial return.

The *impact of investing*, the issue tackled in this paper, is how our pursuit of financial return also affects direct stakeholders, wider society and the planet.

Why should we care about our impact?

Impact lies at the core of the investment industry's societal purpose and its potential for value creation – it therefore follows that our license to operate rests on taking responsibility for and managing that impact. This tacit social contract gives legitimacy to the industry – depending on the impact of our actions on wider society. This license is only maintained if the industry creates and communicates some value for wider society.

In our joint survey with the International Integrating Reporting Council (IIRC), highlighted in our paper Connecting the dots: understanding purpose in the investment industry, we pointed to some of the specific issues raised by investment professionals:

1. There is poor articulation of the industry's purpose and in organisations communicating how value is created and distributed among stakeholders

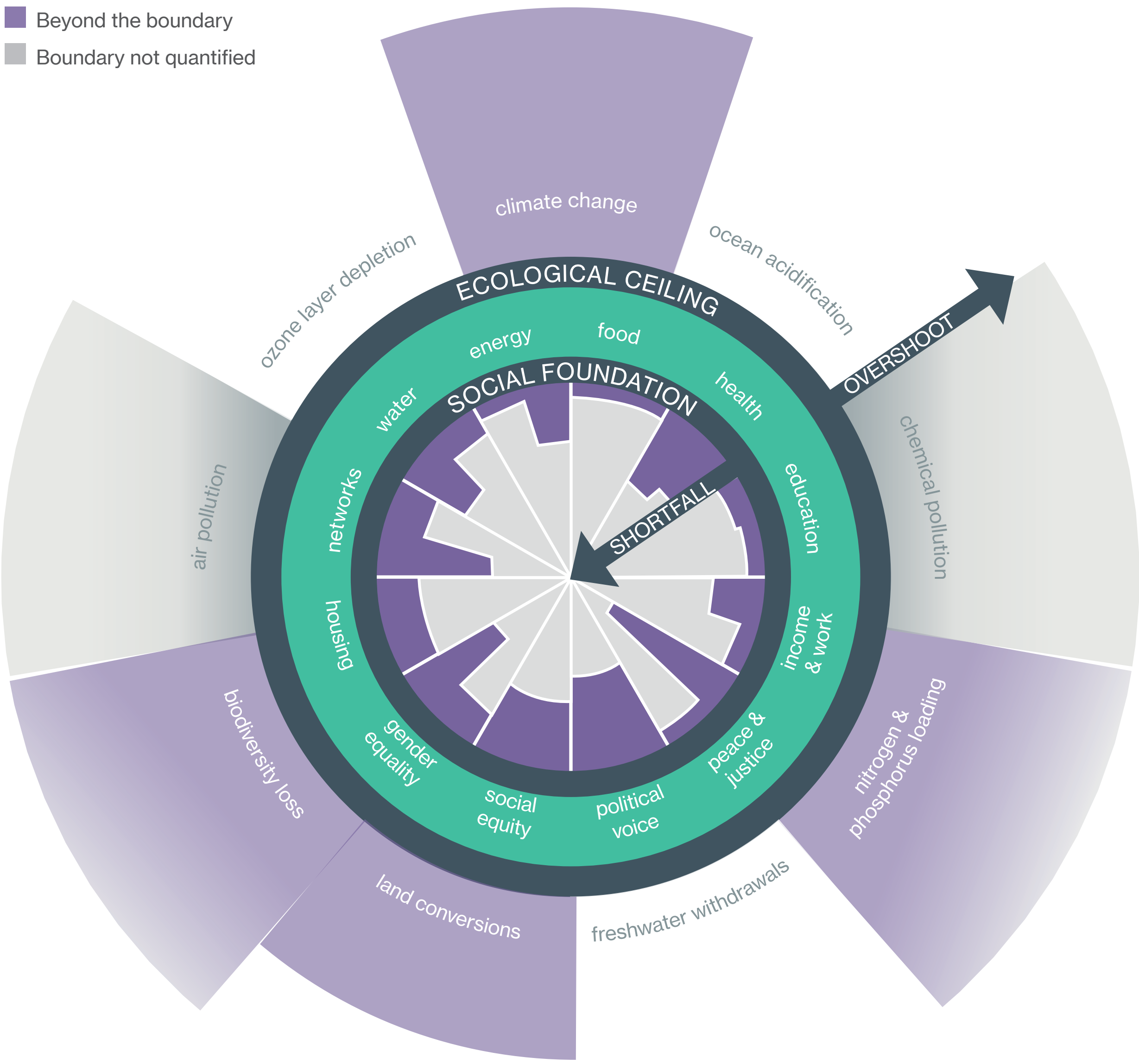
2. The investment industry continues to suffer low levels of trust, asymmetries of information between end savers and itself and, in many cases, misaligned incentive structures and mandates. In the survey, industry professionals themselves rated the industry as poor stewards of society's well-being

3. Society is increasingly asking the investment industry to play its part through investing sustainably – balancing time horizons and stakeholders. In the Thinking Ahead Institute / Pensions & Investments (P&I) survey of the 500 largest fund managers, we noted that sustainability has become an unavoidable issue.

The pressure to change has become all the greater in the wake of influential studies about the impact of investment on humanity and the planet. For instance, Johan Rockström, of the Stockholm Resilience Centre, outlined nine planetary boundaries that are critical for keeping the earth in a stable state. Rockström's 2009 paper attempted to quantify how much further we can go before there is a risk of "irreversible and abrupt environmental change".

"Impact lies at the core of the investment industry's societal purpose and its potential for value creation – it therefore follows that our license to operate rests on taking responsibility for, and managing that impact."

Figure 1 – **Doughnut economics – balancing planetary and social boundaries**



Source: Doughnut Economics, Kate Raworth, 2017

Kate Raworth, an economist at the University of Oxford, uses these concepts in *Doughnut Economics* to set out a visual framework, above, for sustainable development. The doughnut (shaded green) represents the safe operating space for humanity: a social foundation of wellbeing below which no one should fall, and an ecological ceiling of planetary pressure through which we should not burst.

Raworth's work encourages us to consider an alternative lens of value creation: instead of the narrow framing of upwards and onwards GDP growth, we should instead look at the effect of our activity on humanity's long-term goals.

This perspective places a business within society – it is a subcomponent – and places society within the environment. It shows that no business and no investment can be considered as independent from society or the environment. Investments inevitably affect both – for better or for worse.

3. A 5-step guide for investors to communicate value created

Step 1: Define your purpose; document your beliefs

"We need organisations that: have a strong sense of purpose and values that extend beyond making money to serving clients, society and the planet better; encourage and reward high levels of innovation and learning; maximise the engagement and commitment of their people; have authentic leaders who express their own values, listen, demonstrate empathy and focus on development for people at all levels in the organisation."

Rob Lake, Founder of Authentic Investor

Key messages

- Organisations should clearly document their mission, purpose, values and investment objectives, and should document a set of beliefs that will guide them in their actions
- Robust sustainability beliefs are central to successful long-term outcomes and provide a solid foundation for an accountable, methodical investment process that considers multiple stakeholders.

Get clarity on your strategy

Eric Beinhocker in his 2006 book, *The Origin of Wealth*, argued that value is created only if "economic transformations and transactions produce artefacts and / or actions that are fit for human purposes".

Does the investment industry do this?

Arguably, beating a market benchmark in and of itself is not a value-creating transaction. If the outperformance is reversed in the next period then, clearly, no lasting value was created in the first period. Therefore, beating a benchmark only becomes useful if it permanently increases the purchasing power of the end saver[1], raising the need for more meaningful benchmarks. In short, there is a difference between an increase in the monetary valuation of an investment portfolio and the broader consideration of whether the portfolio has added *value* to various stakeholder groups.

To make investments which enhance wealth in the way that Beinhocker envisages, a first necessary step is the clear expression of organisational purpose and subsequently sustainability beliefs.

...value is created only if "economic transformations and transactions produce artefacts and / or actions that are fit for human purposes."

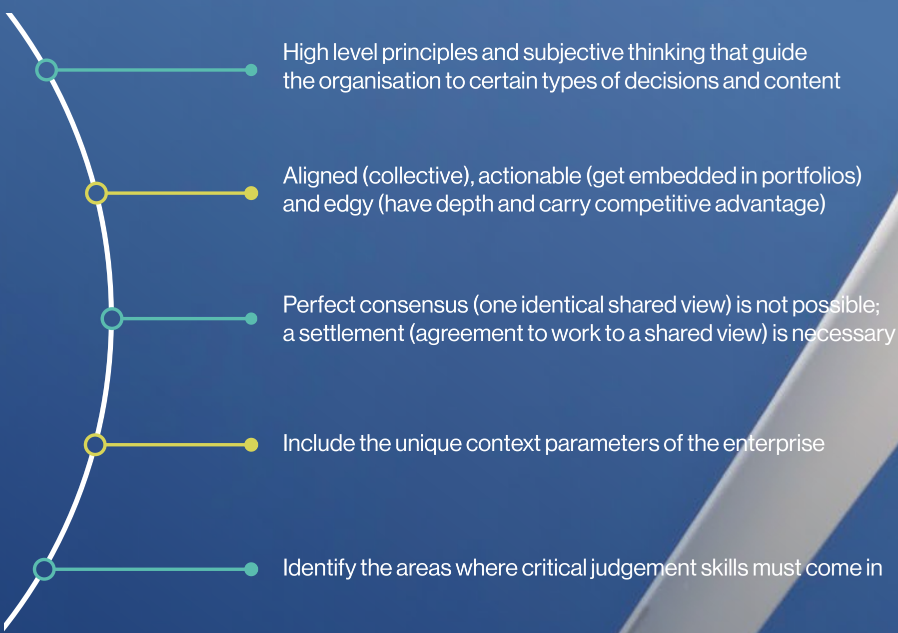
[1] We also must consider here various stakeholders – if an end saver's purchasing power has increased, what value has been added (or detracted) from other stakeholders.

To make progress with sustainable investment beliefs, they should be embedded within organisational statements. These statements should include essential information about:

- **Mission** – why we exist
- **Values** – what we believe in and how we will behave
- **Vision** – what we aspire to be
- **Landscape** – what we believe about the environment in which we operate
- **Stakeholders** – the domain and priorities of our responsibilities, reach and influence.

In our paper, **Sustainability beliefs: a new measurement tool**, we point to features of an effective beliefs system:

Figure 2 – **Effective belief systems**



Case study 1

Willis Towers Watson

Willis Towers Watson | purpose and sustainability beliefs

Willis Towers Watson's (WTW) overarching purpose is 'creating clarity and confidence today for a more sustainable tomorrow' so sustainability is at the heart of what it does as a firm. Within this, the investment practice exists to deliver better outcomes for savers.

Better outcomes mean better, long-term returns with well-managed risk along the way. To achieve this WTW continues to innovate and focus on the forward-looking risks and opportunities. This includes the risks and opportunities associated with sustainability.

Sometimes achieving better outcomes will also mean improving the quality of the savings system so that savers' confidence in that system increases and they are willing to save more. It may also mean investing in a way that has a positive impact on the world that savers live in and will retire into.

Willis Towers Watson recognises its duty to multiple current and future stakeholders – clients, employees, shareholders, wider society and the planet – as these are all interconnected. As such, its purpose can be summarised as 'investing today for a more sustainable tomorrow'.

As a fiduciary manager WTW has a responsibility to act in the best interest of its clients. Fundamentally this means seeking the best risk-adjusted returns as applied to their individual investment contexts, which includes considering all material risks (current and future), many of which can be seen as sustainability related.

In order to fulfil this responsibility, it attempts to think and act like a leading asset owner and responsible market participant.

"...investing today for a more sustainable tomorrow."

One of WTW's core investment beliefs is specifically focused to sustainable investing.

Sustainable investment is central to successful long-term investor outcomes

- Sustainable investing is about employing long-term strategies that integrate ESG factors and effective stewardship, with regard for the impact on society and the planet now and in the future, recognising that this influences both risk and return
- Sustainability risks tend to be inaccurately appreciated by the market. Investors should look to use informational and implementation advantages to improve long-term outcomes by avoiding unrewarded risk, seeking opportunities, undertaking effective stewardship and managing impact
- Collaborative engagement and advocacy are important to give the investment industry a stronger voice and improve investment outcomes for all participants
- Climate change, and a just transition to net zero carbon emissions, is a systemic and urgent global challenge which necessitates specific risk management, opportunity identification and collective action

Within the broad remit of sustainable investment WTW has identified climate change as a critical and systemic priority, given the risk it presents to clients' investments, the ongoing resilience of the savings universe, and the planet as a whole.

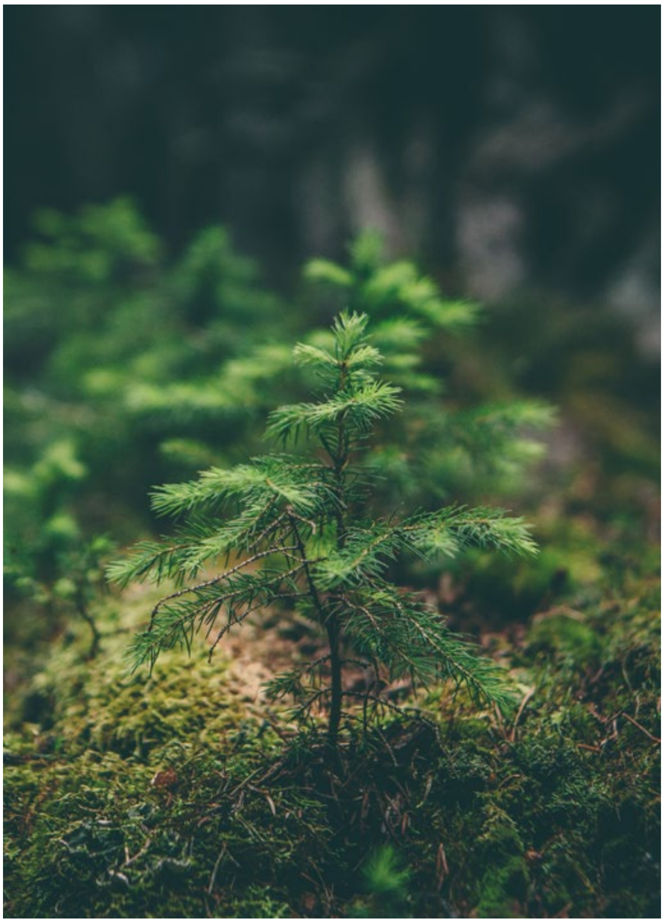
Case study **2**

First State Super | articulation of purpose

First State Super states its purpose as: "to be a force for good in super and retirement, shaping the best outcomes for our members, their families, communities and our industry". Its corporate strategy includes a pillar on 'responsible ownership' acknowledging that investment improves members' retirement outcomes both directly through strong returns and indirectly through impact on society.

With a purpose and strategic vision focused on improving our members' retirement outcomes and wishing to have a positive impact on the environment and society, its investment beliefs also incorporate universal ownership. As a universal owner, it sees itself as 'stewards of members' capital'. This means ensuring that First State Super generates real value, by going beyond the bottom line to assess the real-world impact of its AUD $100 billion investment footprint – recognising that the actions that it takes have far reaching consequences on society, and as a result, on its members' retirement savings.

With a focus on responsible investment, First State Super has committed to allocating capital to investments with a defined purpose of positive societal and / or environmental impact. Its positive impact investment approach looks to invest in solutions that not only satisfy First State Super's ESG approach, but also proactively seek to address societal and / or environmental challenges whilst generating the best possible returns for its members.



"...First State Super generates real value, by going beyond the bottom line to assess the real-world impact of its AUD $100 billion investment footprint..."

Step 2: Draw your value creation boundaries

Key messages

- An organisation's purpose and resultant activities, either implicitly or explicitly, create a boundary between those stakeholder groups which benefit from value created, and those for whom value is destroyed
- Stakeholders will have their own perspectives on how an organisation's resources should be used and transformed. This signals the need for organisations to develop strategies that focus on anticipating, understanding and responding to stakeholder needs and the development of long-term relationships.

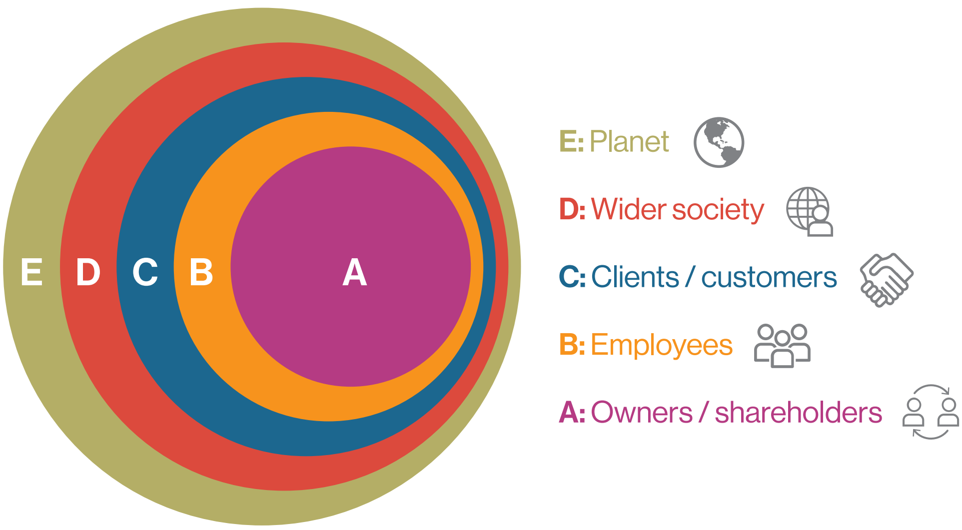
Where is your value creation boundary?

This is perhaps not a question most investors have ever asked themselves. But to invest sustainably, it is a key question. It establishes to what extent an organisation is driven by self-interest, enlightened self-interest[2] or group interest.

The idea of a value creation boundary is to identify which externalities are regarded as the responsibility of the investment organisation (within the boundary) and which are regarded as outside the boundary. Externalities represent costs, or impacts, which are outside the traditional definition of value creation. The more tightly the boundary is drawn, the greater the number of externalities that are "pushed out" and considered someone else's problem. Conversely, the wider the boundary the more the cost of externalities is internalised.

In figure 3 below, the tightest boundary considers **owners / shareholders** alone. This near-sighted approach concentrates effort squarely on financial outcomes. Clients, employees and other parts of the value chain are secondary, or external. This is consistent with Milton Friedman's view that the social responsibility of a business is to maximise its profits.

Figure 3 – **Value creation boundary**



[2] Enlightened self-interest is a philosophy in ethics which states that persons who act to further the interests of others, ultimately serve their own self-interest. In the context of sustainability, the question asked is: can our own organisations also benefit when we focus on serving the interests of the end saver, wider society and the planet?

The next two boundaries internalise the investment organisation, meaning the needs of **employees** and **clients / customers** are within scope. An organisation moves in the direction of enlightened self-interest by recognising that employees contribute to the success of the company and need to be developed and nurtured. Similarly, there is recognition that satisfying clients and making their needs a priority is necessary to attract and retain business.

The next boundary is where things get really interesting. A shift of mindset to focus on **wider society** means a consideration of "the interconnectedness of all things". This entails a greater focus on humanity's needs (which may be expressed through the prism of the sustainable development goals). All organisations are embedded in local communities (for multinationals, multiple local communities). An organisation cannot prosper if the community does not. This shift in mindset also moves an organisation beyond merely performing its legal and regulatory duties and views authorities as value-adding partners. Investment organisations at this boundary work alongside government and regulators to enter into the spirit as well as the letter of the law, enthusiastically embracing apprenticeship schemes, social safety nets and other societal goods.

The outer boundary is the **planet**, a largely-closed system which maintains all life.

What do stakeholders value?

Once an investment organisation moves a stakeholder, or group of stakeholders, inside its value creation boundary, it is signaling an intent to at least cause no harm. It is important to recognise the significance of this as it creates an obligation to assess what constitutes value (or harm) for that stakeholder.

Clients' perceptions of value are based on their beliefs, needs and wants (eg wealth accumulation, longevity protection). These, in turn, are affected by information received about products and services, past performance and expectations.

"All organisations are embedded in local communities … An organisation cannot prosper if the community does not."

The table below provides examples of investment organisation activities that various types of stakeholders value and how investment organisations can develop relevant policies and actions for each stakeholder:

Stakeholders	What do stakeholders value? (Eg..)	Organisations should develop policies and actions that...
Shareholders	Financial reward; stewardship / influence; reliability of forecasts	Improve the wealth of owners through and / or cashflows
Employees	Salary and benefits; safe working conditions; training programmes; collegiate atmosphere; a strong culture to improve sense of belonging	Attract, retain and develop employees and teams
Clients	Financial planning; risk management; compounded wealth; longevity protection; conversion of wealth to consumption; development of long-term relationships	Deliver value to clients in all services and products
Suppliers / the investment industry	Participation in efforts to promote / improve the industry	Create mutually beneficial relationships with suppliers / other investment firms
Government	Viewed as a value-adding partner; fines & taxes paid	Adhere to, or improve on, rules and pay the fair amount of tax
Society	Internalisation of externalities; cross industry relationships which benefit society	Contribute to a progressive social contract (license to operate) and healthy cross industry relationships
Planet	Regenerative policies	Do no harm to, or improve natural and human resources

Case study **3**

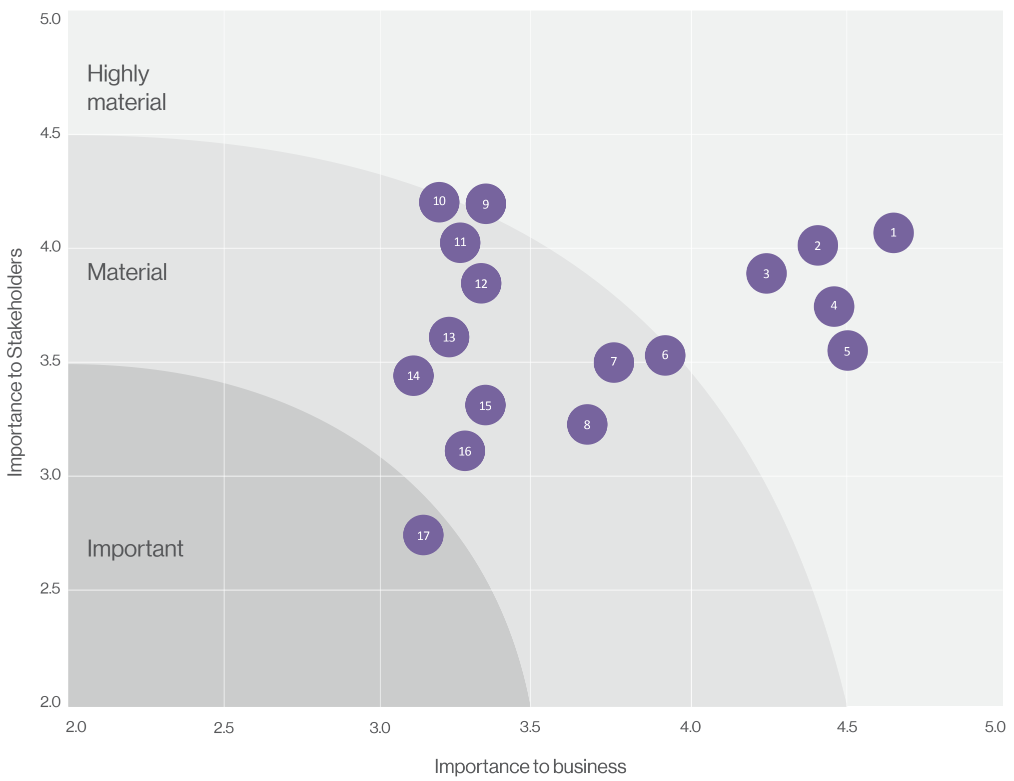
QIC | understanding the issues that matter to stakeholders

QIC is both an asset owner (for the state of Queensland, Australia) and an asset manager.

In line with the Global Reporting Initiative (GRI) requirements, in 2018 QIC carried out a process to understand the material sustainability issues for its business. Material issues were those that reflect QIC's significant economic, environmental and social impact, or substantially influence the assessments and decisions of stakeholders.

QIC's process of identifying and prioritising material ESG issues involved developing a survey and asking internal and external stakeholders for their views to inform its assessment, and to assist QIC to prioritise and identify emerging issues. The stakeholder groups who completed the survey included QIC employees and board members, QIC clients, asset consultants, non-governmental organisations, and Queensland government representatives. The results of the survey are below:

Figure 4 – **QIC sustainability report materiality matrix**



1. Ethical standards, conduct and culture
2. Technological disruption
3. Evolving regulatory landscape
4. Information security and data privacy
5. Transparency and disclosure
6. Diversity and inclusion
7. Workplace health and safety
8. Training and development
9. Transition to a low carbon economy
10. Physical climate risk
11. Energy security
12. Resource scarcity
13. Labour relations
14. Human rights in supply chains
15. Environmental impact
16. Operational efficiency
17. Supporting communities in need

Source: QIC

Case study **4**

Dimensional Fund Advisors | engaging to improve outcomes for stakeholders

Dimensional integrates ESG considerations within the investment process for equity strategies to manage risk and add value. For investors who want to pursue more targeted ESG objectives, it also designs and manages systematic ESG solutions focused on higher expected returns. Dimensional aims to deliver meaningful reporting that provides insight into its efforts to add value or achieve targeted outcomes for investors.

Across its equity strategies, Dimensional considers ESG data in a variety of ways. The primary mechanism for which it believes ESG data can be used to add value for investors is through investment stewardship. Dimensional believes prices quickly incorporate information and reflect the aggregate expectations of market participants, including information about a company's current governance practices and oversight of ESG-related risks. As such, its view is that improvements to a company's governance practices may improve shareholder value through a combination of lower discount rates and higher cash flows to shareholders. Dimensional concludes that an effective way to incorporate ESG considerations in investment strategies is through the promotion of good corporate governance practices at the companies it holds in its portfolios. It advocates for strong boards representing shareholder interests, which include the avoidance and mitigation of material environmental and social risks. Dimensional believe that issues across the ESG spectrum that affect shareholder value should trigger stewardship activity aimed at protecting the interests of its clients.

While there are many frameworks that have been developed to assess the materiality of ESG issues, Dimensional believes that the relevance of certain issues can vary not only industry by industry but also company by company. Therefore, it believes that ESG issues are best measured on a case-by-case basis and so prefers direct discussions with companies to understand issues specific to their business. However, Dimensional also believes that certain frameworks such as those from TCFD and SASB can provide useful considerations to better inform their understanding of relevant issues.

Regarding targeted ESG solutions, Dimensional also report on the impact of a strategy's focus on a given ESG objective – for example those sustainability strategies designed to reduce exposure to companies with a large relative carbon footprint. In determining the issues that matter most for sustainability and defining goals for these strategies, Dimensional engages with academics and organisations in the field to develop an understanding of the available and relevant data to measure and compare companies on these issues. Expertise in the data allows it to define measurable and transparent objectives that it can regularly report on for clients and provides insight into how Dimensional is delivering on its ESG objectives. Dimensional also publishes a quarterly report detailing the reduction in exposure to company greenhouse gas emissions and potential emissions from reserves relative to relevant market indices. It believes this type of reporting on defined objectives is critical for investors to assess the impact of their strategies.

"...its view is that improvements to a company's governance practices may improve shareholder value through a combination of lower discount rates and higher cash flows to shareholders."

Step 3: Measure your impact

Key messages

- Every investor should make strides towards measuring the impact of their investment activities authentically and on the widest range of stakeholders
- We need to be wary of the gap between our positive intentions for a more sustainable economy and our ability to create it (intentionality-additionality gap). To increase our industry's sphere of influence we need to engage with corporations and public policy, introducing 'change-the-system' thinking and actions.

Are you adding value for all stakeholders?

Global integration of many organisations makes it difficult to fully understand where financial and non-financial capital is sourced and deployed. It also remains a difficult challenge for investors to directly attribute how these sources of capital impact stakeholders, leading to decreased visibility of the consequences of investment decisions. Furthermore, some of the outcomes may not be realised and visible until many years after capital has been deployed.

The consequences of investment decisions are therefore not easy to fathom. As a result, however strong investors' intentions to create value for a wider group of stakeholders, there is likely to be a gap between intentions and how much value they are actually able to add (additionality). In the absence of global standards, we are also cautious about declaring impact and call for organisations to be authentic in their pursuit of new ways of measuring this. To further create additionality, investor energy needs to be re-focused towards influencing corporations and public policy to adopt "change-the-system" thinking. These influencing measures should run parallel with the proprietary frameworks of investors for measuring the impact of the capital they deploy.

"...however strong investors' intentions to create value for a wider group of stakeholders, there is likely to be a gap between intentions and how much value they are actually able to add (additionality)."

We can't do it alone

To take on society's big challenges (climate change, societal inequality and divisions, etc) we should recognise the potential in, and limits to, our industry's sphere of influence.

Figure 5 – **Our industry's sphere of influence**

If these challenges have ten units of power trained on them, we suggest four come from public policy, three from corporations, two from the investment industry and one from individuals. To have additionality, quite a lot of our energy needs to be re-focused on influencing corporations and public policy. This introduces 'change-the-system' thinking.

A number of frameworks have been developed in recent times to measure the impact of investment activity on society. In the absence of a global standard for measuring impact, a common feature of these frameworks is the use of the UN's sustainable development goals (SDGs) which have sharpened investors' focus on the societal impacts of their investments.

We believe that it is critical for institutional investors to understand and articulate the impact of their investment decisions on stakeholders. Overleaf we provide case studies from members of the working group to highlight their varied approaches.

Figure 6 – **UN's sustainable development goals (SDGs)**

Source: UN

Case study **5**

AXA Investment Managers | mapping impacts

AXA IM uses a logic model to map the steps necessary to create tangible impacts relative to the mission of a strategy and the identified social and environmental challenges. This mapping is carried out at the early stages of the process, prior to investments – and view it as a critical step to ensure intentionality about its impact and to avoid impact dilution over the life of the fund. This logic wheel is used to review the social or environmental challenge and prospective solutions and assess the relevance, directness, depth and scale of proposed investments relative to the impact sought.

The key steps of the impact wheel are:

1 **Mission:** Strategies have established impact objectives which are clearly spelt out and aligned with a material societal challenge. This can be a social or environmental issue that is underserved either in terms of solutions, such as climate change, or where a defined group of beneficiaries do not have access to existing solutions. The mission of AXA IM's funds is established by aligning with the goals of clients while taking account of targeted societal challenges.

2 **Themes:** Each mission is translated into relevant impact themes which guide the underlying investments and actions that are necessary to achieve the impact objectives of relevant strategies. This is a focused distillation of a strategy's mission into target impact themes that help translate into concrete investable solutions.

3 **Inputs:** The businesses, projects and solutions that investment capital and other contributions will be used to catalyse, for example financing the building of low-cost medical centres in underserved locations.

4 **Key Performance Indicators (KPIs):** These are performance metrics, indicators and targets used to manage, measure and evaluate progress of the investments towards meeting the impact objective. This is key to demonstrating the intentionality around impact practice.

5 **Output:** These are the concrete and quantifiable results that are generated as a result of investment activities. This information is used to assess prospective investments and to evaluate the impact performance trajectory of investments in the portfolio – for example, to build ten medical centres providing access to healthcare at a 30% discount to competitors in the local area.

6 **Outcomes:** The long-term, qualitative, sustainable and positive changes for people/the planet. The outcome metric captures the effects and positive improvements that results from the outputs of investments.

7 **United Nations sustainable development goals:** The SDGs are globally accepted consensus of the challenges facing underserved people and the planet and are a credible articulation of where investments should be targeted to meet the sustainable development needs of the world. The impact process takes account of the SDGs as an overarching guide which is used to test the relevance of AXA IM's mission and the contributions of investments to the sustainable development needs of people and the planet. AXA IM also monitors the investment's direct contributions to one or more of the SDGs.

Figure 7 – **Impact management. Pre-investment:**
From mission to SDGs – AXA IM's logic model, a reinforcing wheel

Source: AXA IM

Figure 8 – **Logic model – defining AXA IM's impact strategy (example)**

Mission	Themes	Inputs	Impact KPIs	Output	Outcome
Empower underserved and low-income beneficiaries in emerging economies	Access to inclusive financial services	Microfinance / SME lending	Low-income beneficiaries provided with access to new products or services	Access by households and enterprises to affordable and appropriate financial services that meets the needs of beneficiaries	Improved financial resilience
		Savings products	Non-credit product by financial institutions		
		Insurance	Volume of productive loans		
		Remittances	Insurance clients		
		Mobile money			
	Access to inclusive financial services	Health infrastructure	No. of patients with access to affordable health solutions	Access to affordable, quality healthcare solutions by underserved beneficiaries	Healthy communities
		Pharmaceuticals R&D	No. of health products developed		
		Health insurance	No. of hospitals / clinics built		
		Digital health	Discounts provided to beneficiaries		
		Medtech			

Source: AXA IM

Case study **6**

Federated Hermes International

Federated Hermes | measuring impact

The practice of impact measurement is not straightforward: it is a multidimensional and, at times, a counterintuitive art that is still evolving. As such, it does not naturally lend itself to standardisation or quantification into a single, convenient metric. Federated Hermes treats impact measurement according to its complexities, using a framework that prioritises these complexities over simple numbers.

In designing the impact measurement framework for Hermes Impact Opportunities, Federated Hermes' priority was to create a meaningful approach that guides internal investment decision-making, rather than a tool simply for external reporting. Federated Hermes' 'Theory of Change' is articulated at the start of the investment process with the aim of demonstrating, over time, that the investee company has met the set impact goals. This prevents intentionality being claimed retroactively.

In order to understand the 'cause-and-effect' chain of impact, Federated Hermes uses a 'Pathway of Change' (PoC) model for each company it invests in. Federated Hermes tracks progress through the PoC (by populating each PoC stage with trackable, reliable metrics), to improve its understanding of the company's impact (see figure 9 below).

"Federated Hermes treats impact measurement according to its complexities, using a framework that prioritises these complexities over simple numbers."

Figure 9 – **The Pathway of Change: tracking impact progress**
An example of the PoC for a portfolio company in Federated Hermes' Health & Wellbeing theme

Inputs

Resources invested in the activity, such as:
- Research & development
- Employees
- Facilities / equipment

→

Outputs

Tangible products or people organisations serviced resulting from the activity, such as:
- Number of products sold
- Number of patients treated

→

Outcomes

Short-term changes resulting from the activity, such as:
- Health outcomes for patients
- Emissions avoided
- Water saved

→

Impacts

Long-term, system-level changes resulting from the activity, such as:
- Climate change mitigation
- Improvement in overall population health

Less data available →

More estimated data →

Less company-level control →

Greater need to triangulate impact measurement →

Source: Federated Hermes as at June 2019

The PoC includes the following elements:

- **Inputs** – the resources invested in the activity
- **Outputs** – the tangible products or people serviced as a result of the activity
- **Outcomes** – the specific outcomes resulting from the outputs
- **Impact** – the broader, long-term systemic change that occurs as a result of the specific outcomes.

Impact metrics are divided into theme and company-specific metrics and both need to be tracked over time. Federated Hermes uses standardised IRIS metrics developed by the Global Impact Investing Network to provide consistency across nine impact themes within the portfolio. Company metrics are tailored to each company's business model and consequently are not standardised.

Quantitative data without context is at best unhelpful, and at worst misleading. Numbers should be used to enrich understanding of impact, not supplant it. Therefore, regular, constructive engagement with all their portfolio companies is crucial, particularly around the issue of publishing relevant impact data. Federated Hermes believes that most existing ESG data is ill suited for impact measurement purposes and so it actively encourages companies to publish data that is suitable for assessing real-world impacts. Importantly, Federated Hermes' engagements provide a continuous, positive feedback loop to companies. In turn, this encourages them to increase their net positive impacts.

"Federated Hermes believes that most existing ESG data is ill suited for impact measurement purposes and so it actively encourages companies to publish data that is suitable for assessing real-world impacts."

Measurement in practice – Lonza Group AG

Lonza Group AG's Theory of Change is as follows: as a contract manufacturing and development company, Lonza helps companies to develop more sophisticated, complex medicines at a lower cost. Lonza's solutions are not only confined to the commercial manufacturing stage, but also cover preclinical and clinical outsourcing services, thereby spanning the entire healthcare value chain. Drug companies generally outsource biologics manufacturing as it is more capital intensive, complicated and technical compared to chemical drug manufacturing. Biologics currently grow twice as fast as conventional pharma (and are expected to continue this trajectory), due to their exceptional efficacy and safety and, importantly, their ability to address previously untreatable conditions. Lonza therefore enables businesses to develop and manufacture some of the most disruptive new treatments in medicine, ranging from cell therapy to antibody drug conjugates, speeding up medical progress. Furthermore, this Theory of Change can be broken down into each element of the Pathway of Change:

- **Lonza's inputs** – construction of manufacturing sites (either by greenfield or brownfield expansions) approximated by capital expenditures
- **Outputs** – development, production and eventual commercialisation of biological medicines
- **Outcomes** – enables manufacturing and development of disruptive drugs/programmes which otherwise would not be manufactured due to lack of capacity or expertise of small- and medium-sized enterprises (SMEs). Also improved time-to-market of drugs, allowing treatment to become available sooner
- **Impact** – more biological medicines – such as gene therapy – will come to market (especially by SMEs), allowing for treatment of the underlying cause of the disease, rather than providing symptomatic relief and thereby substantially improving duration and quality of life for patients.

Step 4: Understand the value created

Key messages

- Many investors focus on the measurement of impact but stop short when translating this into a narrative on how value is created (or destroyed) for stakeholder groups
- Deepening our understanding of value creation not only helps investors improve the alignment of decision-making with organisational goals, but also improves engagement and communication with stakeholders.

Metrics: create an impact scorecard

In our paper, *Mission Critical: understanding value creation*, we describe value creation as “an increase in the stock of monetary and non-monetary resources used to create future wealth and wellbeing for stakeholders, as judged by observers, mindful of the passage of time”.

Two key parts of this definition are worth highlighting here:

1. **Value is in the eye of the beholder** – there is a necessary subjectivity in the determination of whether value has been created. Individuals will have their own perspectives on how an organisation’s resources should be used and transformed.

2. **Value creation emerges over time** – value creation is linked to a stakeholder’s experience over time relative to expectations. It’s only at the point of ultimate outcome that a definitive assessment of value creation can be made. Before that point, value creation is a current and prospective concept.

So how can investors combine metrics that measure impact to create a narrative on how their organisations create value for stakeholders?

In our paper, we translated this definition into an example scorecard that organisations can use to monitor their value creation activities for a range of stakeholders and a self-assessment framework to identify areas of desired improvement.

“...we describe value creation as “an increase in the stock of monetary and non-monetary resources used to create future wealth and wellbeing for stakeholders, as judged by observers, mindful of the passage of time”.

	Financial metrics	Non-financial metrics
Value creation is an increase in the stock of monetary and non-monetary resources...		
Human		Improvements in employees' skills and motivations to innovate; increased alignment with company purpose
Intellectual		Improvements in knowledge-based intangibles such as intellectual property, protocols and systems
Social and relationship		Improvements in the organisation's relationships with other stakeholders, the ability to share information to enhance the organisation's and collective well-being
Natural		Improvements in environmental resources and processes that support the prosperity of the organisation (eg bio-diversity land, health of the investment ecosystem)
Manufactured		Improvements in physical objects used in the production of services (eg technological infrastructure, office space)
Financial	Margin / growth; return on capital / cashflows	
...used to create future wealth and well-being for stakeholders ...		
Shareholders	Increased return on capital; continued authorisation to operation; minimisation of regulatory breaches	Improved trust and transparency
Employees	Fair and transparent pay; competitive benefits	Autonomy; sense of belonging / collegiate atmosphere; training to improve skills
Customers	Compounded wealth; longevity protection; conversion of wealth to consumption	Risk management; financial planning; trust built (enter hopeful / exist satisfied)
Other investment firms	Mutual financial benefits due to the development of long-term relationships (eg more efficient payment transfer systems)	Participation in networks to promote and improve industry improving social licence to operate
Government	Ability to pay taxes; adhere to, or improve on, regulations / guidance	Good citizenship; government viewed as a value adding partner (regulation, apprentice schemes, social safety net)
Society	Minimisation or recovery of externalities	Maintenance of social license to operate (may also lead to financial outcomes)
Planet	Minimisation or recovery of externalities	Improved environment handprint
...as judged by observers, mindful of the passage of time.		

Specific KPIs to meet these high-level goals should be determined by each organisation.

A self-assessment framework

Below, we outline a four-step process that could be used by organisations to self-assess their value creation activities and identify areas of desired improvement.

1. Identify stakeholders and understand their expectations and needs to determine what is valued

2. Align organisational purpose with desired outcomes

a. Identify which stakeholders the organisation prioritises and agree value creation boundaries

b. Identify associated externalities and agree treatment of these

c. The vision / purpose of the organisation should be aligned with which stakeholders the organisation prioritises

3. Norms development and evaluation process

a. Identify the beliefs / value system necessary to align its purpose with what the organisation's stakeholders value (ie develop the 'norms'). Some examples of norms include: 'the organisation believes in wider society', 'the organisation values strong client service which is practiced and measured', and 'the organisation views the government as a value-adding partner (regulation, apprentice schemes etc)'

b. Evaluate norms through a questionnaire, identifying gaps between current state and agreed norms

c. Develop a scoring system. This could be based on a built up database of peers and applied experience

4. The delivery process

a. Discuss results / gaps and develop an internal action plan; consider linking to an integrated report

Case study **7**

First State Super | impact measurement framework

One of the more challenging aspects of investing sustainably is measuring the effect of the investments made. First State Super has responded to this through the development of its proprietary 'Impact Measurement Framework'. In June 2019 First State Super began measuring the impact of several assets through a number of key indicators specific to each asset. It expects to increase the number of assets reviewed over time.

While quantitative output measures of potential impact provide one assessment, it is recognised that not all benefits can be easily quantified. However, First State Super intends to still analyse these less quantifiable elements and convey them through case studies which can be shared both internally and with their members. It will also provide an indication of the United Nations SDGs they are contributing to.

The impact resulting from investments can be described as the "material effects on people and planet". Measuring that material effect, or the impact, is critical to ensuring the investments made are effective at instigating and maintaining change, as opposed to what would have happened anyway without that commitment.

Measuring the true impact of investments requires determination of both the positive and negative effects. In addition, those findings can be used to create a dynamic impact management process through working to engage with the investee companies to maximise the positive impacts and minimise the negative ones.

There are several different methodologies of impact measurement used by organisations such as NGOs, government agencies, social enterprises, impact investors and other financial institutions. Whilst there have been calls for global standards to be pursued, currently none exists.

The foundation of the impact framework developed is centred around a logic model pathway assessment. A logic model was chosen as it provides a systematic way to categorise and present information gathered from the planned activities undertaken as part of each investment and what the expected results of those activities could be, as outlined in the figures 10 overleaf:

Figure 10 – **Modified impact measurement logic model**

Investment activities → Outputs → Impact outcomes → Long-term impact

Definitions of the logic model elements	
Investment activities	The investment activities that are facilitated through the investments, made with the dual purpose of generating a financial return and creating impact
Output	The direct practice, product or service that occurs from the investment activity eg what is the resulting action from the investment activities
Impact outcomes	The changes in values, attitudes, behaviours or conditions resulting or expected from the activity in the short, medium or long term eg what are the positive changes identified that can be clearly attributed to the investment activity
Long-term impact	The longer-term social, economic and / or environmental outcomes of the investment activity. This can be positive, negative or even neutral, both intended and unintended. The purpose of this evaluation is to capture the overall impact on balance, with consideration to the resultant actual positive and negative impacts and builds upon the determination of the intended consequences of the investment more likely identified in the impact outcomes

Source: First State Super

The challenges that investments included are seeking to address have been divided into two core impact themes: social impacts and environmental impacts.

Figure 11 – **Impact framework themes, sub-themes and activities**

Social impacts – investing in people and the community	
Job creation for all	eg investing in products or services that contribute to new jobs growth that would not necessarily have occurred without this investment
Access to improving sustainable social and human services	eg affordable housing, aged care, healthcare or education services including early childhood – consideration to provision of access for disadvantaged, vulnerable or low-income people
Sustainable and smart infrastructure	eg investments facilitating cities, towns and communities reduce emissions intensity and increase resilience to climate change including: ▪ green buildings ▪ smart infrastructure ▪ future utilities and transport solutions

Environmental impacts – protecting our planet	
Climate change solutions	eg investing in infrastructure, products or services producing: ▪ renewable energy ▪ energy efficiency ▪ alternative energy e.g. waste to energy
Waste and pollution reduction	eg investing in solutions that: ▪ reduce waste to landfill other than food ▪ reduce or avoid land pollution eg avoiding toxic chemical use ▪ reduce or avoid water pollution
Food and water security	eg investing in food or water infrastructure that contributes to lowering food waste, water use or water waste
Sustainable agriculture	eg ecologically sustainable agriculture with consideration to: ▪ land use and sustainable agricultural techniques and products ▪ sustainable food production including sustainable packaging ▪ crops, livestock and fish including animal welfare

Source: First State Super

Below is an example that demonstrates the suite of proposed output measures for one sub-theme – **investing in people and the community**. The final column of this example shows which SDGs these investment activities may contribute towards.

Through undertaking longitudinal analysis of both the positive and negative consequences, it is anticipated the impact framework will become a dynamic impact management tool. Where certain investment activities are determined to be contributing to negative outcomes, it is intended that First State Super will engage with the investee company and activities may be re-evaluated and adjusted with the intent of improving the magnitude of the long-term impact from our investments.

Figure 12 – **Investment: affordable housing**

Themes	Impactful aspect of investment activity	Reporting output indicators	Output (eg # / $ / %)	Brief description	Long-term impacts to consider (presented as case studies)	SDGs linkages
Social impacts – investing in people and the community						
Access to improving sustainable social and human services	Affordable housing development, management or service providers	Number of additional low income / disadvantaged people gaining access to affordable housing		Depending on availability of data may be broken down by: ▪ # families ▪ # individuals ▪ # properties rented with affordable rent ▪ Break down of key resident by occupation	Additional consequences of the investment that could be useful to track may include: ▪ Commuting times – does the affordable housing improve or worsen peoples work / school commute time and cost wise versus their previous accommodation? ▪ What is the average rental period by the occupants? (potentially indicating housing stability) ▪ What are the reasons renters leave the affordable housing eg purchase own property, move to new suburb, evicted for non-payment etc. ▪ Community outcomes – eg is there any anecdotal evidence that the affordable housing accommodation has improved or exacerbated inequality in the local area? For example have new services such as schools, GPs, shops etc been planned or opened up that may be partially attributable to the new residents?	1 NO POVERTY 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES
Access to improving sustainable social and human services	Affordable housing development, management or service providers	Accommodation average discount to comparable property in the local area (%)		In order to quality as affordable housing, the housing needs to be offered at a minimum discount of 20% to local market rates		1 NO POVERTY 10 REDUCED INEQUALITIES

Source: First State Super

Step 5: Communicate!

Key messages

- Critical to successful communication are the themes of authenticity, intentionality and transparency. This is an evolving area and communication should reflect this and adapt over time
- A comprehensive articulation of value creation should acknowledge:
  (i) the monetary and non-monetary value created
  (ii) which stakeholders value is created (and destroyed) for
  (iii) how value accrues to different stakeholders over multiple time horizons
  (iv) how much value is at risk of being reversed in the future.

Develop a value creation narrative

An external narrative is an important component of capturing value created. Given the generally poor articulation of the investment industry's purpose, communication to stakeholders of the value they can expect from the industry is critical. It seems so simple and yet how many people inside or outside the industry can attest to the value it creates for them?

Without understanding trust cannot be fostered, and without trust that all-important license to operate is not awarded. Society will eventually withhold it. At least to some participants.

The external communication of investment impact also sends a signal to other organisations in the industry. The more awareness, the more action, the more societal good is created.

Be transparent, be intentional

External narrative should draw on substantive analysis, rather than starting with a desired PR stance and aiming to produce analysis that supports it.

So, what actions can be taken to simultaneously create alignment within the organisation and capture the current status of investment impact?

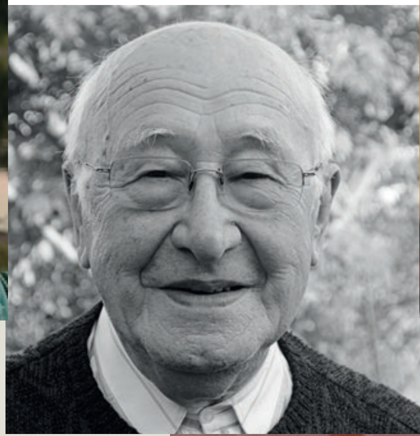
Capturing how each organisation manages its investment impact and reporting value created externally will require an internal program to articulate intentions and outcomes. As reporting requirements evolve, this may become a mandatory exercise.

There is no unambiguous single determination of impact as value creation will always be, to some extent, in the eye of the beholder. Value creation emerges over time and different stakeholder groups have different time horizons and expectations, making it difficult for an organisation to declare what value has been created for what group at any given point in time.

So to overcome difficulties in communicating investment impact, organisations should:

- **Be intentional** – an organisation's mission, policies and behaviours need to align (and be seen to align) with its intention to create value for stakeholder groups
- **Be transparent** – investment organisations should provide both objective and subjective metrics to stakeholders to show impact. Transparency helps stakeholders to understand how value is created, and to narrow any gap between stakeholder expectations and the ultimate outcome. This requires the use of both hard and soft data
- **Be authentic** – be mindful of not over-claiming credit or success when reporting on any value created. This is central to engendering trust between organisations, the industry and its stakeholders.



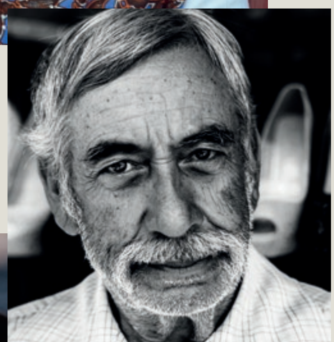



Performing these actions allows further steps to be taken over time. As data becomes available that quantifies further aspects of investment impact, these can be incorporated and reported.

Guidelines for reporting value creating activity

Investment organisations may wish to adopt a code for issuing statements on their value creation. This code should acknowledge the following principles:

1. **Assess monetary and non-monetary value.** Describe both the monetary and non-monetary value created, and where appropriate disclose areas of value destruction, whether monetary or non-monetary.
2. **Acknowledge the value creation boundary.** Describe where the organisation chooses to draw its value creation boundary ie which stakeholder groups the organisation intends to create value for. For stakeholders outside this boundary, the organisation's activities will, in aggregate, have a negative impact. Stakeholder groups include but are not limited to, shareholders, employees, clients, suppliers, relationships in the wider industry, government, society and the planet.
3. **Be time aware.** Describe how the value created in the current reporting period accrues to different stakeholders over different periods of time.
4. **Assess value creation at risk.** Describe how much of the value created in the current period is at risk of being reversed in the future (whether through error, product fault, fraud or for other reasons).
5. **Incorporate the impact of investee companies.** Principles 1-4 should be applied to holdings in investee companies.




Case study **8**

Thinking Ahead Institute

The Thinking Ahead Institute | integrated report

Integrated reporting, <IR>, aims to be the vehicle an organisation chooses to use, to report on its value creating activities. It brings together material information about an organisation's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates.

The Institute produced its first integrated report looking back on 2016, following two years of operation. We are committed to producing an integrated report for members as we believe it encourages more integrated thinking and hence better strategy.

Following our 2018 work on value creation, we expanded this report to adhere to the guidelines set out above for reporting value creating activity. Our report seeks to describe how we used our resources to create value over the reporting period, and how value may continue to accrue over the medium and long term. We attempt to do this by combing hard data, soft data and qualitative assessment in as transparent a way as possible – so that our members are able to act as observers to assess how we have done.

A full copy of our most recent integrated report for members can be found on our website: www.thinkingaheadinstitute.org.

Case study **9**

CORONATION

TRUST IS EARNED™

Coronation Fund Managers Ltd | bringing it all together

Defining goals

Coronation is solely focused on asset management with a goal to deliver investment excellence to its clients. This is underpinned by five strategic focus areas, namely long-term performance, world-class client service, corporate citizenship, effective governance, and building a global franchise.

Coronation notes its strong entrepreneurial culture of performance and excellence from inception. It has a flat, high-performance structure, where employees are encouraged to take ownership. Its six shared values define its culture, shape its principles and inform Coronation's behaviour, namely: "we always put clients first; we always act with integrity; strong performance culture; ownership; long-term thinking; and team-based organisation".

Understanding boundaries

Coronation's key focus is on long-term investment outperformance for clients. It embraces good corporate citizenship and applies the highest standards of governance that provides protection for all its stakeholders. This in turn creates value for other stakeholders, including shareholders by delivering consistent operational and financial performance, regulators and government through compliance and contributing to the national fiscus, the communities in which it operates and its employees who play a critical role in its delivery of long-term investment performance and client service.

Coronation defines its goals in relation to these stakeholders, including its understanding of their needs, how it ensures value creation on behalf of these stakeholders, and then measuring the impact over time.

Measuring impact

The table overleaf, sets out the firm's understanding of the needs of its stakeholders, how Coronation ensures value creation for each group, and how it measures the impact of its value creation activities:

Understanding the value created

This framework highlights current and desired states which drives the strategy to address any shortcomings. Coronation communicates this in its strategic objectives for the following period.

Communication

Coronation's integrated annual report sets out its business strategy, objectives, performance and activities, and describes how these combine to create long-term value for its stakeholders.

Stakeholder	Needs	How we create value	How we measure value (examples)
Clients	▪ Long-term outperformance ▪ Responsible Investing ▪ Relevant products ▪ Competitive and transparent fees ▪ Excellent service ▪ Information and investment security	Consistent execution of our investment philosophy; regular fee and benchmark reviews; achieving rigorous client service targets; continuous enhancement of client platforms and correspondence; and world-class security measures.	▪ Long-term investment performance ▪ Stewardship activities and impact ▪ Fair fees aligned with client interests ▪ Annual investor survey to measure client satisfaction ▪ Client communication channels and usage ▪ Improvements to client disclosure models ▪ Enhancements to client reporting and security of information and investments ▪ Remuneration policy aligning employees with client interests
Shareholders	▪ Ethical and sustainable business ▪ Return on investment ▪ Transparent and timely reporting	Robust governance structures and ongoing investment in our business to create a world-class asset management company; consistent and sustainable operational performance and cost control; stable investment team; timely reporting and commentary; and regular dividend distribution.	▪ Financial performance ▪ Dividend policy and adherence ▪ Employee turnover ▪ Shareholder engagement
Government and regulators	▪ Compliance with regulations ▪ Transparent and proactive engagement	Detailed compliance universe and monitoring plans; and continuous engagement with regulators to achieve a safer financial sector.	▪ Compliance with regulations (and avoidance of fines or sanctions) ▪ Depth and skills in compliance team ▪ Active participation in industry forums ▪ Contributing to the fiscal (tax paid)
Communities	▪ High quality education ▪ Economic development & upliftment	Strong focus on real outcomes to improve education and community development via our CSI programme.	▪ Allocations to programmes supporting job creation, education and skills development ▪ Contributing to transformation of industry ▪ Effectiveness of programmes (eg maths and literacy programme) ▪ New CSI programme launches
Our people	▪ Sustainable employment ▪ Recognition and reward of excellence ▪ Development and career growth ▪ Commitment to transformation	Training and development; coaching and mentoring; performance-based remuneration; and employee ownership and empowerment.	▪ Sustainable employment (eg tenure) ▪ Recognition and reward of excellence ▪ Skills development ▪ Commitment to transformation and diversity

Source: Coronation

Conclusion: take a differentiated approach to value

For decades the investment industry has used risk and return as a proxy for determining value for a narrow group of stakeholders.

However, at its core we believe that impact is central to the industry's societal purpose and value proposition. Low levels of trust, poor articulation of the industry's purpose and societal demands mean investment can no longer be measured on such narrow criteria. Now more than ever, we believe that investors need to move towards a systems framework for investing which recognises that our businesses and portfolios cannot be considered as independent from wider society or the environment. A systems theory chain of thinking starts with the creation of investment policies that work directly on the sustainability of the system and its impacts on real-world outcomes, and then links this to investment results. We believe this is a central paradigm to support more purposeful investments.

This paper aims to provide a collection of case studies from investment organisations to show how they measure impact and articulate the value that they create for stakeholders. It is by no means exhaustive but shows that even among a small sample size, approaches can vary considerably. However, we commend the efforts of any organisation that recognises the impact of their investment decisions on stakeholders matter and tries to narrow the gap between what they say, what they do and ensuring that their actions add value to wider society.

A wider consideration of impact and a clear articulation of value created is much needed.

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The Thinking Ahead Institute

About the Thinking Ahead Institute

Mobilising capital for a sustainable future.

Since establishment in 2015, over 60 investment organisations have collaborated to bring this vision to light through designing fit-for-purpose investment strategies; better organisational effectiveness and strengthened stakeholder legitimacy.

Led by Tim Hodgson, Roger Urwin and Marisa Hall, our global not-for-profit research and innovation hub connects our members from around the investment world to harnesses the power of collective thought leadership and bring these ideas to life. Our members influence the research agenda and participate in working groups and events and have access to proprietary tools and a unique research library.

Join the Thinking Ahead Institute

We seek collaboration with like-minded organisations to achieve our vision, so for more information about us please contact:

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The Thinking Ahead Institute seeks to bring together the world's major investment organisations to mobilise capital for a sustainable future. Arising out of Willis Towers Watson's Thinking Ahead Group, formed in 2002 by Tim Hodgson and Roger Urwin, the Institute was established in January 2015 as a global not-for-profit group comprising asset owners, investment managers and service providers. Currently it has over 40 members with combined responsibility for over US$12trn.

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