

MEDIA RELEASE

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Australian impact investments quadruple: new report

Investments that deliver positive social and environmental impact alongside a financial return are on the rise, with the market for impact investing quadrupling between 2015 and 2017, reveals a new report launched today by the Responsible Investment Association Australasia (RIAA) in partnership with the Centre for Social Impact (CSI) at Swinburne University.

Benchmarking Impact: Australian Impact Investment Activity and Performance Report 2018 presents the findings from analysis of impact investment activity and performance for a data-set of 51 Australian impact investment products active at 31 December 2017, with a total product value of \$5.8 billion (up from \$1.2 billion at 30 June 2015).

“The report reveals a diverse market delivering positive financial returns for investors while also benefiting the environment and impacting the lives of tens of thousands of people through employment pathways, education, and health services among other activities” said Simon O’Connor, CEO of RIAA.

“With nearly \$6 billion of capital now being put to work to deliver a better society and environment through impact investing, we are now getting an insight into the potential of capital markets as a force to be harnessed for achieving a more prosperous and sustainable Australia.”

Green bonds have made a significant contribution to the growth in impact investments. Funds raised through green bonds are financing projects including renewable energy assets, energy efficiency initiatives and low carbon public transport, with 2,110,000 tons of CO₂^e being reported as avoided or abated through impact investments.

From social impact bonds to private equity, other types of impact investments have also grown rapidly, from totalling \$300 million in 2015 to totalling nearly \$1 billion in 2017. After green bonds, investments in property and infrastructure are the next biggest type of investment.

“By number, the majority of impact investments are in private debt, much of which is made up of loans to social enterprises. Impact investing continues to provide a crucial avenue for many impact-focused businesses to grow their businesses and deepen the positive impact they are having on society,” said O’Connor.

The reported social and environmental impacts of investments are diverse and include: 700 vulnerable families assisted, 369 employment pathways or jobs created; 22,688 students supported; 1069 clients receiving health and well-being services and 950 megalitres of water delivered to wetlands, creeks and ecosystems.

The report shows that the UN Sustainable Development Goals (SDGs) are gaining significant traction as a framework for measuring impact, highlighting the important role of finance can play in helping contribute towards achieving these important global goals. The most significant investment in dollar terms is aligned to ‘Goal 11: Sustainable Cities and Communities’, above the other 16 SDGs.

Benchmarking Impact 2018, written by Dr Erin Castellias and Suzanne Findlay, is the follow up to the pilot study published by Impact Investing Australia in 2016 and is the primary source of market-based data on the composition, growth and performance of Australian impact investment products.

“*Benchmarking Impact 2018* is an important resource for both providers of capital and organisations exploring impact investment as one way to finance their work and increase their impact. The report shows how the impact investment market is growing in Australia and sheds light on the diversity of investable products, investment strategies and types of impacts being measured.”

The Responsible Investment Association Australasia (RIAA) is the peak industry body representing responsible, ethical and impact investors across Australia and New Zealand. RIAA has an active network of over 220 members who manage more than \$9 trillion in assets globally, including superannuation funds, fund managers, researchers, brokers, impact investors, banks, community banks, community trusts, faith-based groups, financial advisers and individuals.

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