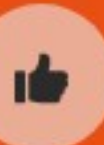
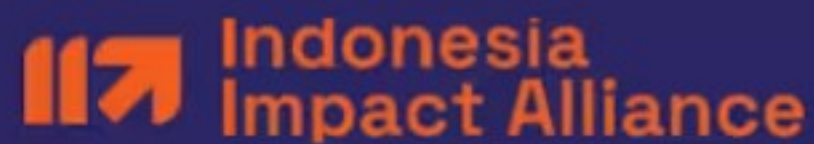


IMPACT TRANSPARENCY IN BLENDED FINANCE

Bali, Indonesia
23 January 2024



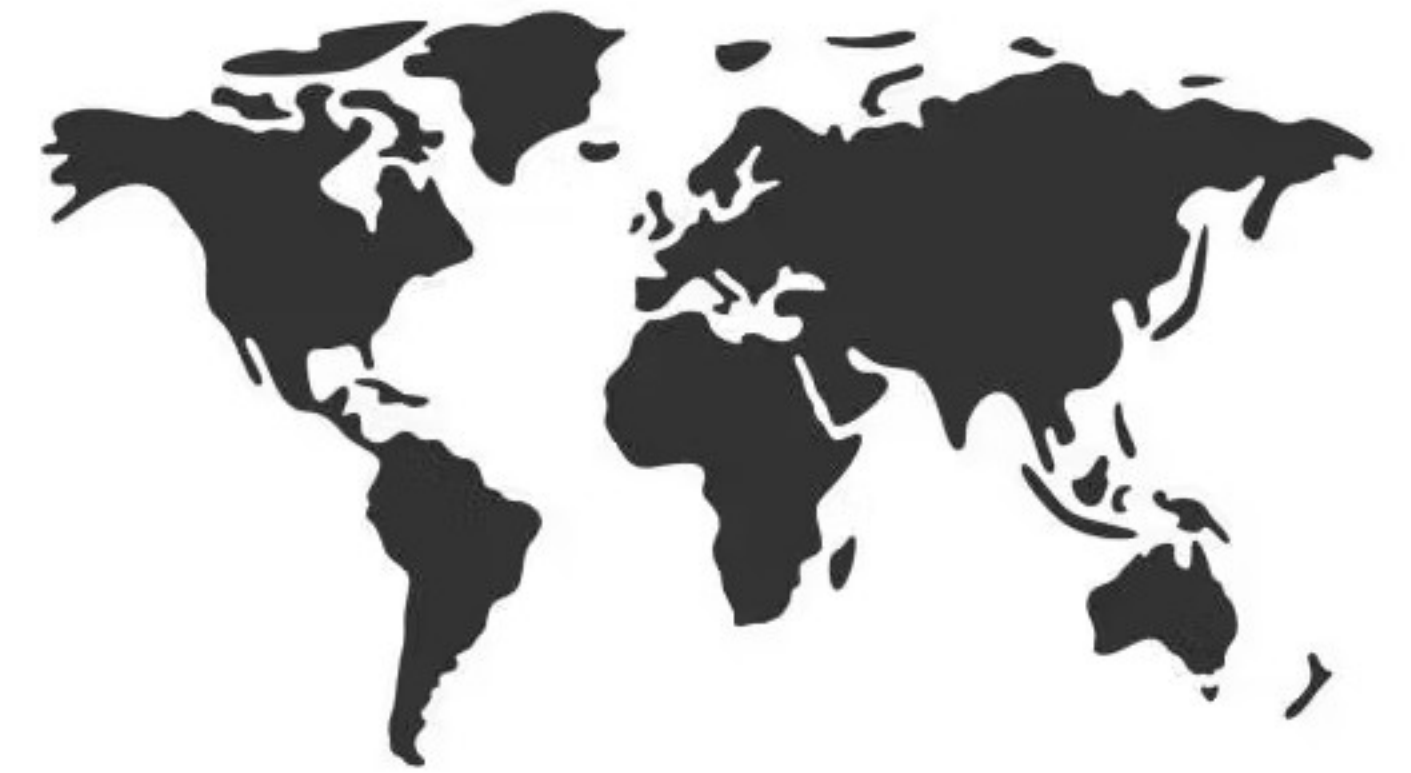
WELCOME

Fai Wechayachai

*Head of Market Development, The
Global Steering Group for Impact
Investment (GSG)*

Which country are you from / representing?

Waiting for responses ...



GSG: Driving real impact

Impact economies where transparent investment decisions solve the problems, instead of creating them; where money can be a force for good

A reminder of the urgent challenges and inequities facing us:

91%

of children under the age of 11 in low-income countries will not achieve minimum proficiency in reading

1 billion+

people live in different types of informal habitats and slums globally, up from 690 million in 1990

+1.5 °C

threshold expected to be reached by 2026. This probability has now increased to 50% from zero in 2015.

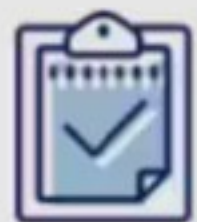
ABOUT GSG

An independent organization, established in 2015 as successor of Social Impact Investment Taskforce under the UK's 2013 Presidency of the G8 to catalyse impact investment and entrepreneurship globally.



WHAT WE DO

Our approaches to accelerate impact economies and advocate for impact investment



POLICY

We engage with policymakers to make the case for impact and agitate for a worldwide shift to impact economies.



KNOWLEDGE SHARING

We bring together the global impact community to share knowledge and build understanding of the benefits of impact investment.



INNOVATION

We develop innovative ideas, approaches and products for impact.



MARKET BUILDING

We foster local impact economies with National Advisory Boards in 36 countries and growing.



1000+

leaders

70+

countries

30+

ecosystem
partners

Be a Part of Our Global Community

Collectively, we represent **41 countries** through National Advisory Boards and 30+ Taskforces, and work towards representing **2/3** of the world's population and over **50%** of those living in poverty

● CURRENT ADVISORY BOARDS

AUSTRALIA	FRANCE	MEXICO	SRI LANKA
ARGENTINA	GERMANY	NETHERLANDS	SWEDEN
BANGLADESH	GHANA	NEW ZEALAND	TÜRKIYE
BRAZIL	GUATEMALA	NICARAGUA	UK
CANADA	HONDURAS	NIGERIA	URUGUAY
CHILE	INDIA	PANAMA	US
COLOMBIA	ISRAEL	PORTUGAL	ZAMBIA
COSTA RICA	ITALY	SOUTH KOREA	
FINLAND	JAPAN	SPAIN	

● ADVISORY BOARDS IN DEVELOPMENT

BELGIUM	GREECE	NORWAY	TAIWAN
BURKINA FASO	INDONESIA	PAKISTAN	TANZANIA
CAMBODIA	IRELAND	PERU	THAILAND
CHINA	JORDAN	PHILLIPINES	TOGO
CÔTE D'IVOIRE	KENYA	RWANDA	TUNISIA
DENMARK	LUXEMBOURG	SAUDI ARABIA	UAE
ECUADOR	MALAYSIA	SENEGAL	UGANDA
EGYPT	MAURITIUS	SINGAPORE	VIETNAM
ETHIOPIA	MOROCCO	SWITZERLAND	



What words first come to your mind when you think about impact transparency?

Waiting for responses ...



How do you think impact transparency and sustainability disclosure is related to blended finance?





TODAY'S AGENDA



SETTING THE SCENE



PANEL DISCUSSION



**ACTIVITY: ECOSYSTEM PULSE ON IMPACT
TRANSPARENCY**



SETTING THE SCENE

Santiago Sueiro

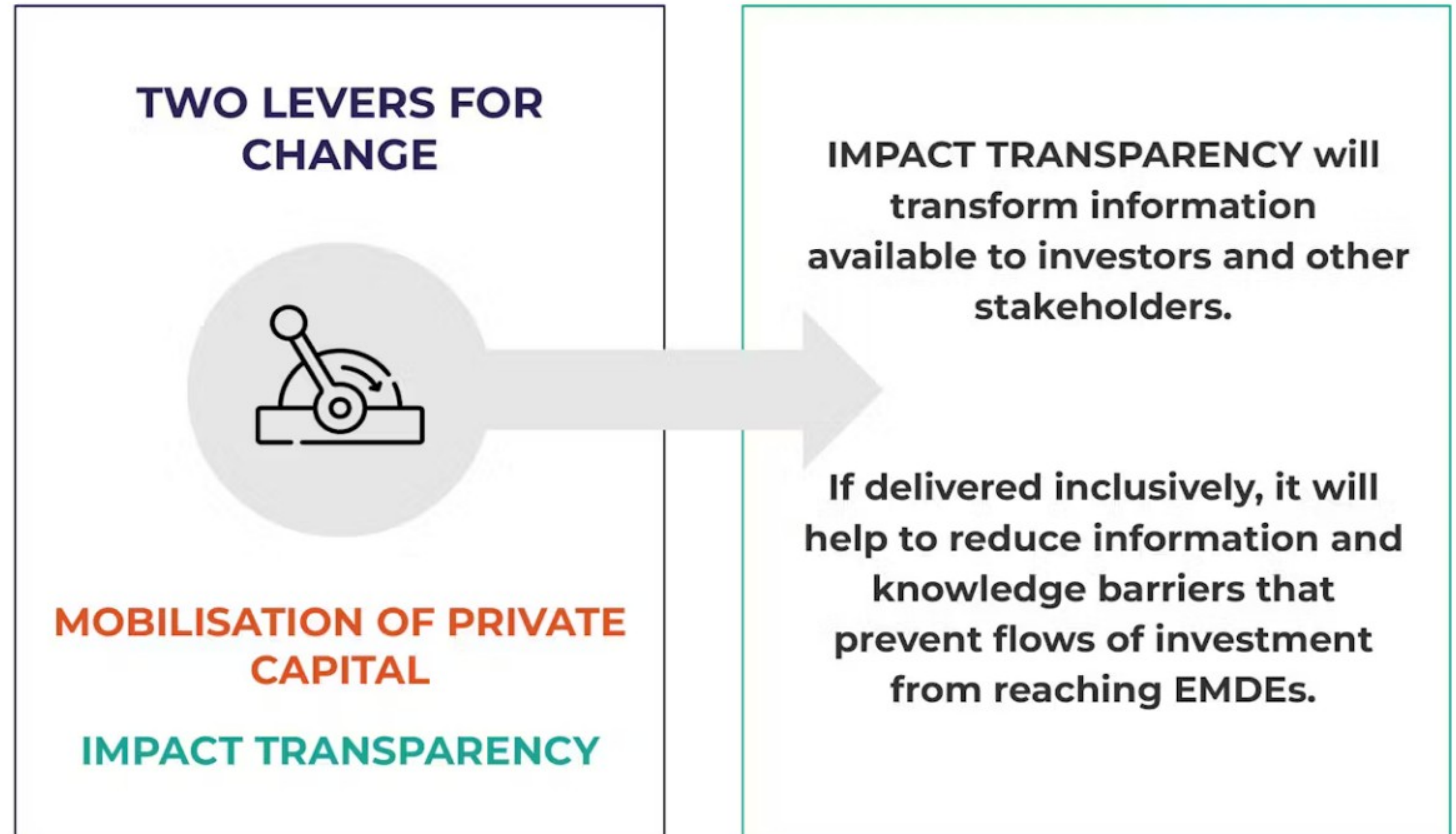
*Senior Policy Manager, The Global
Steering Group for Impact
Investment (GSG)*

A PIVOTAL MOMENT

Annual financing gap to meet the SDGs remains at **\$4+ trillion.**

Capital flows to EMDEs **retreated 22%** from 2019 to 2022.

Roughly, **\$98 trillion** is the stock of **private institutional capital available** globally, while ESG market within it is worth **\$35 trillion.**



WHAT IS IMPACT TRANSPARENCY?



Investors are currently making decisions with **inadequate** and **incomplete** information.



We need to move with urgency to **transform the quality and usefulness of information** available to investment decision-makers.



Impact transparency aims to fill in this gap by providing adequate **information** on the **social and environmental impact of businesses and investments** for capital to flow towards positive, measurable impact on people and planet.

A GROWING TREND TOWARDS IMPACT TRANSPARENCY

Businesses

96% of the world's top 250 companies published "sustainability reports"*

Consumers

Nearly **one in two consumers** want to **adopt a more sustainable lifestyle** but don't have enough information**

Investors

The collective **AUM** represented by **Principles for Responsible Investments** signatories reached \$121.3Tn in 2023***

IFRS-ISSB
Regulation

Labeling

Climate
Disclosures

Disclosure
Standards

Impact Transparency

Voluntary

Green
Taxonomy

Sustainable
Taxonomy

ESG Funds

Reporting frameworks

ESG Disclosures

Mandatory

EVOLUTION

FEBRUARY 2021



Group of 5 announce collaboration

CDP, Climate Disclosure Standards Board (CDSB), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB).

JUNE 2021



Value Reporting Foundation (VRF) launched merging SASB and IIRC

VRF supports business and investor decision-making with three key resources: Integrated Thinking Principles, Integrated Reporting Framework and SASB Standards.

NOVEMBER 2021



IFRS Foundation announces ISSB (International Sustainability Standards Board)

CDSB and the Value Reporting Foundation will be consolidated into the ISSB. This consolidation puts climate disclosure, the SASB Standards, and the Integrated Reporting Framework front-and-center in the development of the IFRS Sustainability Disclosure Standards.

NOVEMBER 2021

IMPACT MANAGEMENT PLATFORM

Launch of Impact Management Platform

IFC, OECD, UNDP, UNEP FI and UNGC, with OECD and UNEP FI and the Partners (incl. VRF, GRI, CDP, CDSB, GSG, etc.) launch the Impact Management Platform to clarify the meaning and practice of impact management; work towards interoperability and have coordinated dialogue with policymakers.

MARCH 2021



EU – Sustainable Finance Disclosures Regulation (SFDR) applied

- ▲ Sustainability disclosure obligations for manufacturers of financial products and financial advisers toward end-investors.
- ▲ Disclosure obligations as regards adverse impacts on sustainability matters at entity and financial products levels.

APRIL 2021



EU adopted a proposal for a Corporate Sustainability Reporting Directive (CSRD)

- ▲ To amend the existing the Non-Financial Reporting Directive (NFRD). The draft standards would be developed by the European Financial Reporting Advisory Group (EFRAG).
- ▲ The first set of standards would be adopted by October 2022

NOVEMBER 2021



China- EU Publish Common Ground Taxonomy

as part of the International Platform on Sustainable (IPSF) Finance

NOVEMBER 2021



Release of an ASEAN Taxonomy for Sustainable Finance

FEBRUARY 2022



EU releases Social Taxonomy Report

EVOLUTION

MARCH 2022



IFRS Foundation releases consultation

Drafts of General Requirements (S1) and Climate-related Disclosures (S2) standards and announces a collaboration agreement with GRI.

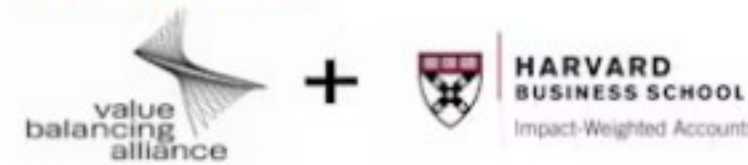
MARCH 2022



IFRS Foundation and GRI sign Cooperation agreement

IFRS continues complementing its work with existing organisation's work.

APRIL 2022



IWAI & VBA announce integration

Value Balancing Alliance (VBA) and the Impact-Weighted Accounts Project at Harvard Business School (HBS IWA) announce their collaboration to harmonise methodologies on impact accounting.

MAY 2023



IFRS Foundation releases new consultation

On International Applicability of the SASB Standards and its priorities for the next two years.

JUNE 2023



IFRS Foundation releases S1 and S2 Standards

The General Requirements (S1) and Climate-related Disclosures (S2) standards are launched.

JANUARY 2024



IFRS Foundation's S1 and S2 Standards become effective

S1 and S2 standards are effective for annual reporting periods beginning on or after 1 January 2024.

MARCH 2022



USA - SEC Proposes Rules to Enhance and Standardize Climate-Related Disclosures

for Investors

APRIL 2022



EFRAG releases Draft EU Sustainability Reporting Standards for public consultation

Deadline 8 August 2022

SEPTEMBER 2022



EU - Puts on hold the development of Social Taxonomy

MARCH 2023



ASEAN - Launch of Taxonomy for Sustainable Finance Version 2

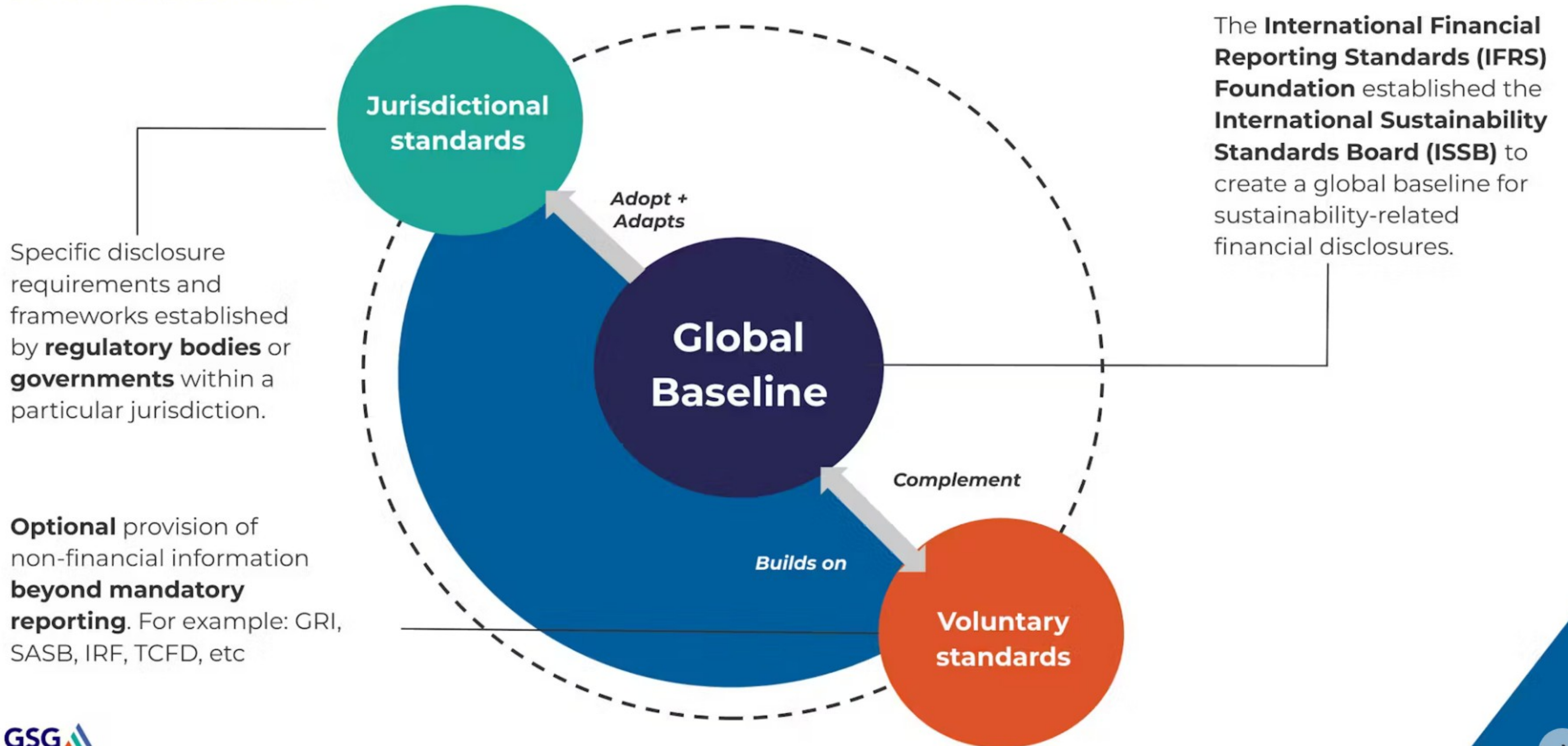
JULY 2023



The European Commission adopts the European Sustainability Reporting Standards (ESRS)

The ESRS are to be used by all companies subject to the Corporate Sustainability Reporting Directive (CSRD)

LANDSCAPE



ADOPTION OF THE GLOBAL BASELINE IS ALREADY HAPPENING



ADOPTION OF THE GLOBAL BASELINE IS ALREADY HAPPENING



HOWEVER... CHALLENGES REMAIN

HARMONIZATION

Companies struggle to navigate **inconsistent terminology** and **alternative standards**.

INCLUSIVITY

Challenges remain for **truly global adoption** of standards due to **information and knowledge gaps** in EMDEs.

MIND THE “SOCIAL”

“Climate first, but not climate-only.” Need for a greater push to **integrate the “social”**.

PACE AND COMPARABILITY

Tension between **local adaptation** and the need for a **global framework** that leads to slower implementation pace.

Activity

**ECOSYSTEM PULSE IN
ASIA-PACIFIC ON IMPACT
TRANSPARENCY IN
BLENDED FINANCE**

MODERATOR AND PANELISTS



Santiago Sueiro

MODERATOR

Senior Policy Manager, GSG



Michiru Toda

PANELIST

*Deputy Chief of the Impact
Economy Lab, Social Innovation
and Investment Foundation (SIIF)*



Jiantuo Yu

PANELIST

*Deputy Secretary General, China
Development Research
Foundation (CDRF)*



Fabienne Michaux

PANELIST

*Director of SDG Impact, UNDP
Global Sustainable Finance Hub*



David Hetherington

PANELIST

CEO, Impact Investing Australia

QUESTION #1:

How do you think the global trend towards greater impact transparency will affect you, other businesses and overall economic development in your country in the coming years?

QUESTION #2:

How prepared are you and your business to respond to increased sustainability disclosure requirements in the next few years? What are the challenges? Where are the opportunities?

QUESTION #3:

What can be done at the national level to make it easier for your and other businesses in your country to meet increasing disclosure requirements and turn this trend to your advantage. With whom and how would you engage to get this right?

QUESTION #4:

What would you like to say to global standard setters and international organisations about how to make sure the global trend towards impact transparency (i) works for everyone and (ii) leads to better outcomes for all and achievement of the SDGs not just reporting for the sake of compliance and more impact washing.

Question #1: Fabienne Michaux

How do you think the global trend towards greater impact transparency will affect you, other businesses and overall economic development in your country in the coming years?

Question #2: David Hetherington

How prepared are you and your business to respond to increased sustainability disclosure requirements in the next few years? What are the challenges? Where are the opportunities?

Question #3: Michiru Toda

What can be done at the national level to make it easier for your and other businesses in your country to meet increasing disclosure requirements and turn this trend to your advantage. With whom and how would you engage to get this right?

Question #4: Jiantuo Yu

What would you like to say to global standard setters and international organisations about how to make sure the global trend towards impact transparency (i) works for everyone and (ii) leads to better outcomes for all and achievement of the SDGs not just reporting for the sake of compliance and more impact washing

As actors engaging in blended finance in your market, what is your key takeaway as you reflected on impact transparency?



THANK YOU



realimpact@gsgii.org



@GSGimpinv



GSGimpinv

