

• *The* Size *of* Im- pact

Main takeaways from *the*
European impact investing
market sizing exercise

The Cheat Sheet

1. What is the size of the European impact investing market? What percentage of the European total assets under management does it represent?

The European private impact investing market — comprising both direct and indirect investments in unlisted assets — is estimated at €190 billion, 2.5% of the €7.6 trillion, which is the total assets under management (AUM) we consider eligible for impact investing in Europe (100%). The public impact investing market is estimated at €40 billion, which is kept separated from the private one as processes, investees and levers to drive impact are very different.

2. What does growth in the impact investing market mean for solving social and environmental challenges?

The private impact investing market has shown notable growth, with investments in unlisted assets increasing from €80 billion to €190 billion over the past two years. As context for this doubling in size, stronger collaboration among the European Impact Investing Consortium amplified the market's reach and coverage. The total direct investments in unlisted assets under management rose by 20% between 2022 and 2023, closely matching the 26% growth recorded in the previous period (2020-2021) and the 21% annual growth rate reported by the GIIN in their latest study. Progress towards achieving the SDGs is, unfortunately, far off track, with only about 17% on track to be achieved. However, the growth observed shows that impact investing is increasingly considered as a tool to develop new solutions that operate at scale.

3. Which is the most transformative segment of the impact investing market, driving the most lasting positive change?

Investor additionality marks a positive contribution that would not have happened without the investment itself. In our previous report, 48% of the capital invested directly in unlisted assets reported evidence of investor additionality. This year marks a notable increase, with 62% of the capital captured in unlisted assets having some element of investor additionality.

4. What does comparing impact investing across European countries reveal about the market?

The impact investing market in Europe is currently led by the United Kingdom, the Netherlands and France, which hold the largest shares in terms of AUM. These markets have well-established impact investing ecosystems, supported by a robust regulatory environment, active investor communities and a high degree of institutional engagement. Several other western European countries — including Italy, Denmark, Belgium, and Spain — are making notable contributions to the impact investing sector. Meanwhile, Türkiye, Portugal and Greece, are emerging as nascent markets with promising growth potential.

5. Who engages in private and direct impact investing in Europe?

Venture capital and private equity (VC/PE) impact fund managers still represent the dominant category, representing 44.8% of the investors included in this study and holding

39.1% of direct AUM in unlisted assets. Their influence underscores the strong alignment of venture capital and private equity with the goals of impact investing.

6. What are the most common private asset classes for European impact investors?

Private equity has emerged as the leading asset class in unlisted markets for impact investors. This rise may be partly due to private equity's adaptability to high-impact projects that benefit from long-term investment horizons, often necessary for meaningful social and environmental change. Private debt remains a substantial component as well, underscoring the sector's reliance on a mix of equity and debt structures to achieve diverse impact goals across regions and industries.

7. What are the biggest sources of funding for European impact investors and what untapped opportunities did this study uncover?

Representing 28% of the total capital made available to impact investors, institutional investors, including pension funds and insurance companies, have become the primary contributors to impact investments in private, unlisted markets. Banking institutions continue to be a major pillar of funding made available to impact investors, constituting 22% of the capital impact investors receive to invest, in turn, directly, into organisations that contribute to social and environmental solutions.

8. Where does European impact capital flow?

45% of capital flows outside of Europe — a 7-percentage-point increase compared to 2022. The regional distribution of those investments has, nevertheless, shifted. In our previous report, funds were evenly distributed among Asia, Africa, and Latin America; now, there is a pronounced focus on Africa (18%), followed by Asia (12%) and Latin America (8%).

9. What role do impact investors play in contributing to the SDGs?

A mix of social and environmental goals continue to be among the top three targeted SDGs, illustrating how impact investors represent a force for change on both impact categories. Decent Work and Economic Growth (62%), Reduced Inequality (55%) and Climate Action (46%) are the three most targeted SDGs.

10. What are the market standards for impact measurement and management?

All organisations included in the study are measuring impact, with 88% reporting clear evidence of managing impact — an increase from the 83% reported in 2022. Fragmentation in IMM strategies allows impact investors to tailor approaches to specific goals, sectors and regions, fostering flexibility and innovation. However, it also creates challenges for comparability and consistency, making it difficult to benchmark and assess impact across investments.

1_

AUTHORS

Gaggiotti, G., Gianoncelli, A., and Venturato, A.

Talking Numbers

1

LEFT

OFF

2

3

Intro- duction

Among our key recommendations, back in 2022, we called for enhanced collaboration between impact stakeholders and advocated for making impact data more accessible.

In 2022, the European Impact investing Consortium – including Impact Europe, GSG Impact, some of its European National Partners (NPs) from Italy, France, Spain, UK, Netherlands, Belgium, Portugal, Türkiye and Greece – together with selected academic institutions (Esade Center for Social Impact and Politecnico di Milano) embarked on a journey

to harmonise and size Europe's impact investing market, aiming to clarify its dynamics, trends and practices. We worked on establishing a foundational baseline for harmonising data and definitions in the sector, with the hope that it would begin to provide answers that were in short supply and help lay the groundwork to inform decision-makers ranging from impact investors to policymakers.

A recent UN study outlines that only 17% of the Sustainable Development Goals (SDGs) are on track¹, and the Consortium agreed there would need to be an accelerated growth of the impact investing market to meaningfully contribute to putting them back on track. A market unaware of its gaps remains powerless to fill them. Now, in 2024, the need for clarity in definitions and size in Europe's impact investing market is more pressing than ever, which is why **we have put the principles of increased collaboration and accessibility into practice**. We have refined our approach, introduced new methodologies and tools, and



engaged additional partners to better track the progress of impact investing across Europe. All this with the objective that this year's study provides a more detailed and nuanced picture of the sector's current state, particularly on direct investment in unlisted assets.

Continuing this market-sizing effort allows us to build on a recognised baseline across Europe, measure progress and hold the sector accountable to its transformational ambition, minimising the risk of losing its integrity as it scales. It ensures that the sector stays aligned and transparent and continues to focus on addressing social and environmental challenges, a focus clearly shown in the SDGs impact investing targets (section 9). Capital providers interested in playing a greater role in the impact space need solid data to consider their best leverage points; by providing that data, we intend to mobilise more of them. Policymakers who see the value of impact investing in accelerating positive change are faced with the task of convincing their peers and constituents; this report can help them build their cases.

At its core, this exercise is about more than just data; **it is about providing the necessary answers** to the pressing questions of a growing impact investing ecosystem.

Without trustworthy answers, market actors and those considering entry would both remain in the dark, the cautious would stay unconvinced, and there would be little hope of accelerating growth.

This report intends to equip investors, policymakers and market leaders with the insights they need to make informed decisions, align their strategies with global challenges and unlock new avenues for collaboration.

Key Questions Answered

1

What is the size of the European impact investing market? What percentage of the European total assets under management does it represent?

2

What does growth in the impact investing market mean for solving social and environmental challenges?

4

What does comparing impact investing across European countries reveal about the market?

3

Which is the most transformative segment of the impact investing market, driving the most lasting positive change?

5

Who engages in private and direct impact investing in Europe?

6

What are the most common private asset classes for European impact investors?

7

What are the biggest sources of funding for European impact investors and what untapped opportunities did this study uncover?

8

Where does European impact capital flow?

9

What role do impact investors play in contributing to the SDGs?

10

What are the market standards for impact measurement and management?

FIGURE 1

Size of the European impact investing market

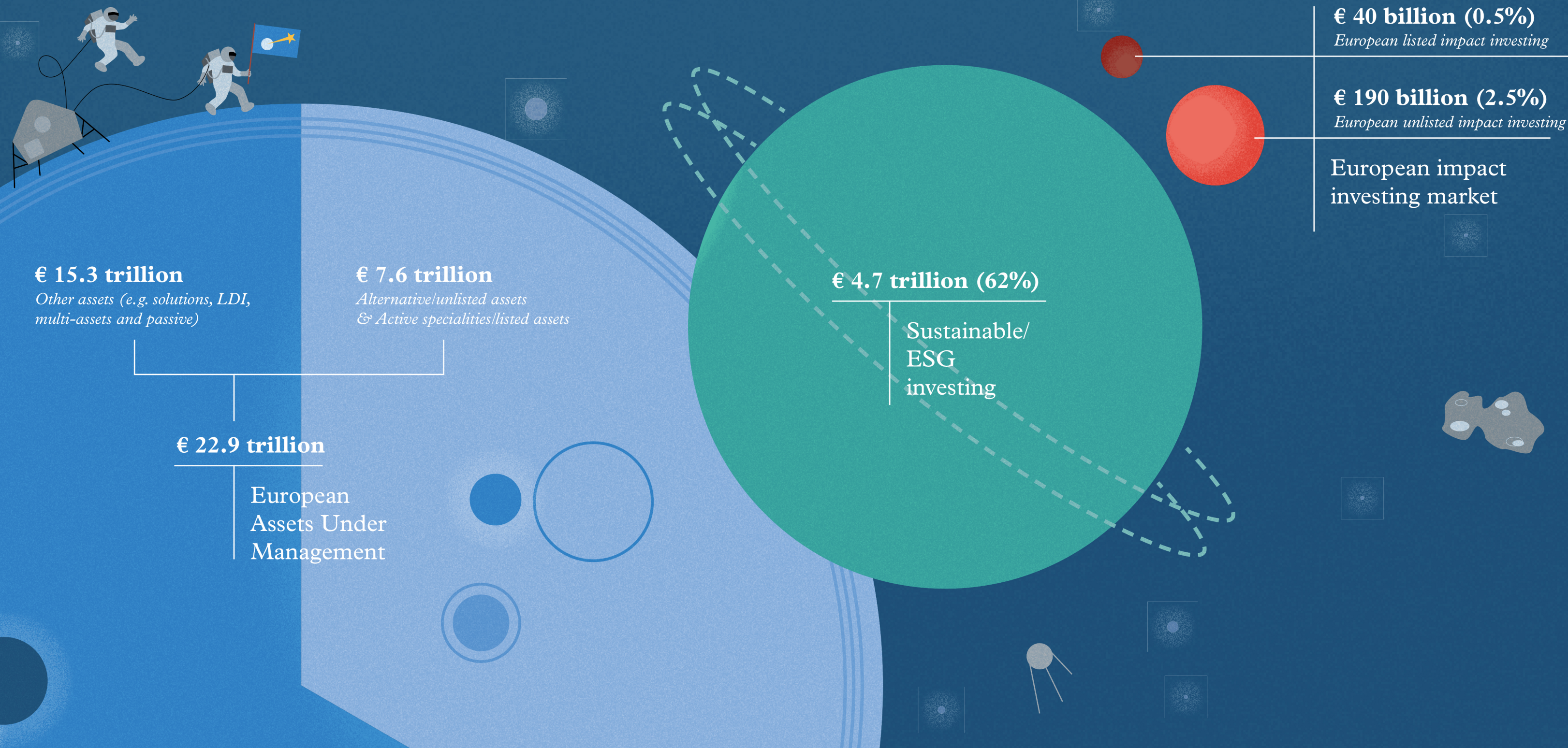


FIGURE 2

Unlisted Direct Impact Investing AUM Growth

(N 2020: 267, N 2021: 276, N 2022: 341, N 2023: 378)

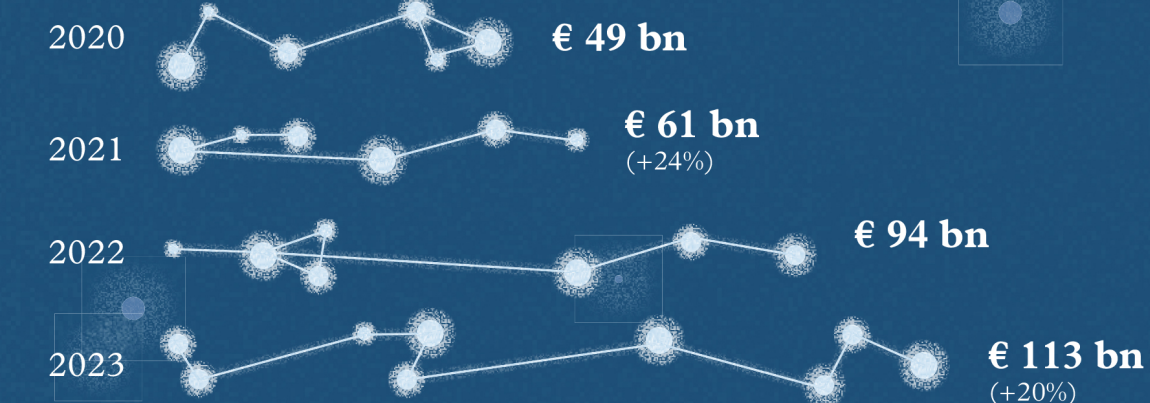


FIGURE 3

Additional Impact Investing

% of AUM (2022 N: 496, AUM: € 61bn - 2024 N: 378, AUM: € 113bn)

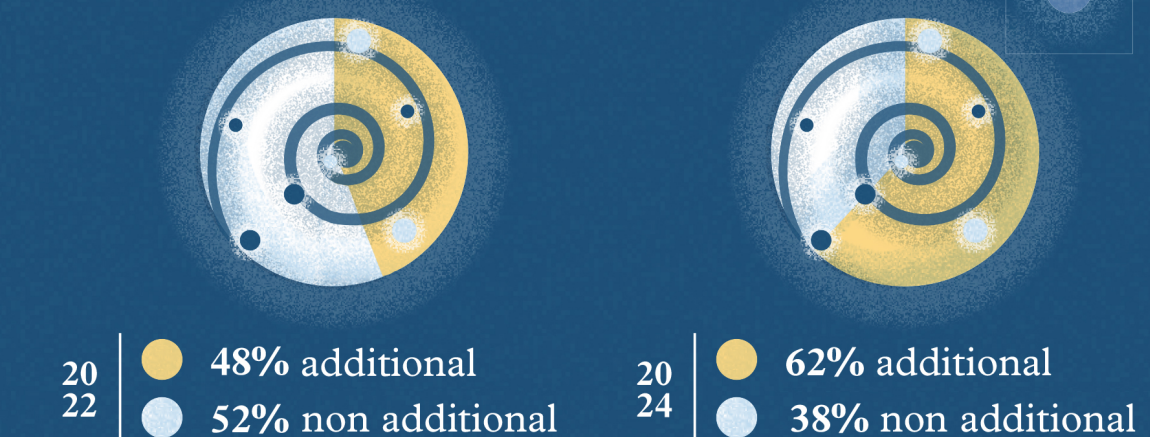
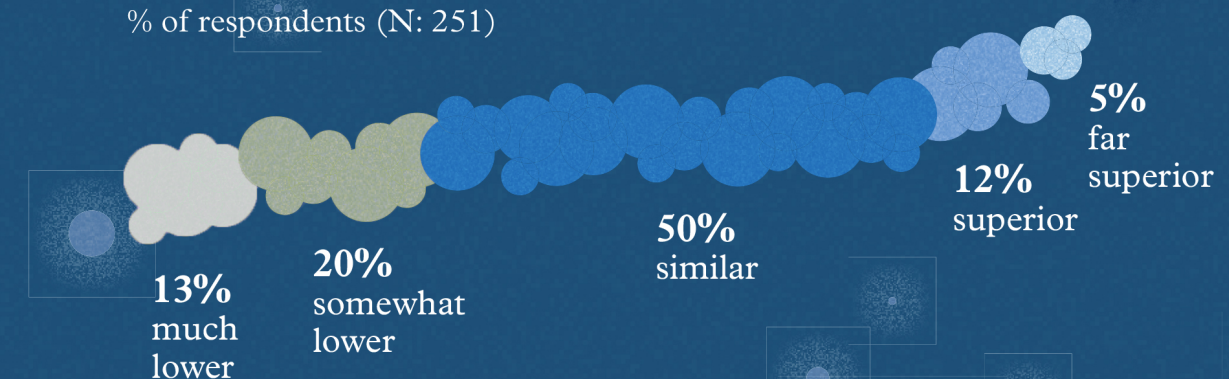


FIGURE 4

Expected financial returns compared to the risk-adjusted market rate of return

% of respondents (N: 251)



1

What is the size of the European impact investing market? What percentage of the European total assets under management does it represent?

Our latest estimate places the European private impact investing market — comprising both direct and indirect investments in unlisted assets — at **€190 billion**², 2.5% of the €7.6 trillion, which is the total assets under management (AUM) we consider eligible for impact investing in Europe (100%)³. The total of €190 billion includes €5 billion of indirect investments supporting fund managers outside of Europe, which ensures double counting is avoided.

Compared to our previous study, we improved the analysis of **listed assets**, estimating the public impact investing market to be **€40 billion**. As processes, investees and levers to drive impact are very different between private/unlisted and public/listed markets,

the European Impact Investing Consortium decided to keep these two estimates separate. While all the following results included in the study concern the European impact investing market in **unlisted** assets, listed assets are discussed on page 44.

Within the total European assets under management valuation of €22.9 trillion, only a third have the potential to become impact investing — around €7.6 trillion; the remaining assets (€15.3 trillion) include commodities, currency and other assets for which the impact investing approach is not applicable⁴. Taking €7.6 trillion as 100% to estimate how large is the impact investing market, according to our estimates, €4.6 trillion is dedicated to unlisted assets and €3 trillion to listed assets. In the same funnel (Figure 1), in 2024, the European sustainable/ESG investments market accounts for €4.7 trillion (62% of the total European AUM that could become impact investing)⁵.

2

What does growth in the impact investing market mean for solving social and environmental challenges?

Looking at the market sizing estimates included in our report in 2022 and in 2024, the private impact investing market has shown notable growth, with investments in unlisted assets increasing from €80 billion to €190 billion over the past two years. While this reflects a significant expansion, the factors behind this growth need to be carefully contextualised.

— **Growth in direct assets under management:**

Looking at the direct and unlisted AUM reported by the organisations included in the study (€113 billion⁶ reported at the end of 2023 and €94 billion at the end of 2022 – Figure 2), the impact investing market has maintained strong momentum. The total direct investments in unlisted assets under management raised by 20% between 2022 and 2023, closely matching the 26% growth recorded in the previous period (2020-2021) and the 21% annual growth rate reported by the GIIN in their latest study⁷.

— **Indirect investment:** as stated, in the total market estimate of €190 billion, there are also €5 billion of indirect investments flowing outside of Europe, which were not considered in the previous study.

— **Understanding market nuances through reinforced collaboration:** The European Impact Investing Consortium has seen stronger collaboration compared to the previous study, which resulted in an improved alignment of market understanding across partners and with new national partners joining the effort. The stronger collaboration amplified the market's reach and coverage: this study includes 431 organisations from 21 European countries, a significant increase compared to the 285 included in our previous study⁸.

Progress towards achieving the SDGs is, unfortunately, far off track, with only about 17% on track to be achieved, whereas 18% are in stagnation and 17% even in regression⁹. In this scenario, the double-digit expansion of the impact investing market will not be enough to achieve SDGs by 2030. However, the growth observed shows that impact investing is increasingly considered as a tool to develop new solutions that operate at scale. In an effort to contextualize the growth of impact investing, we analysed its annual growth rate alongside that of European sustainable/ESG investing.

At 17%, the growth rate of ESG investing is slower compared to the **faster expansion of impact investing** in Europe, though the latter still represents a smaller amount in absolute terms. While ESG investing has faced criticism and scepticism, particularly regarding greenwashing concerns, impact investing has maintained its appeal due to its emphasis on direct, positive outcomes.

FIGURE 5

Unlisted Asset Classes

% of AUM (N: 279, AUM: €85bn)

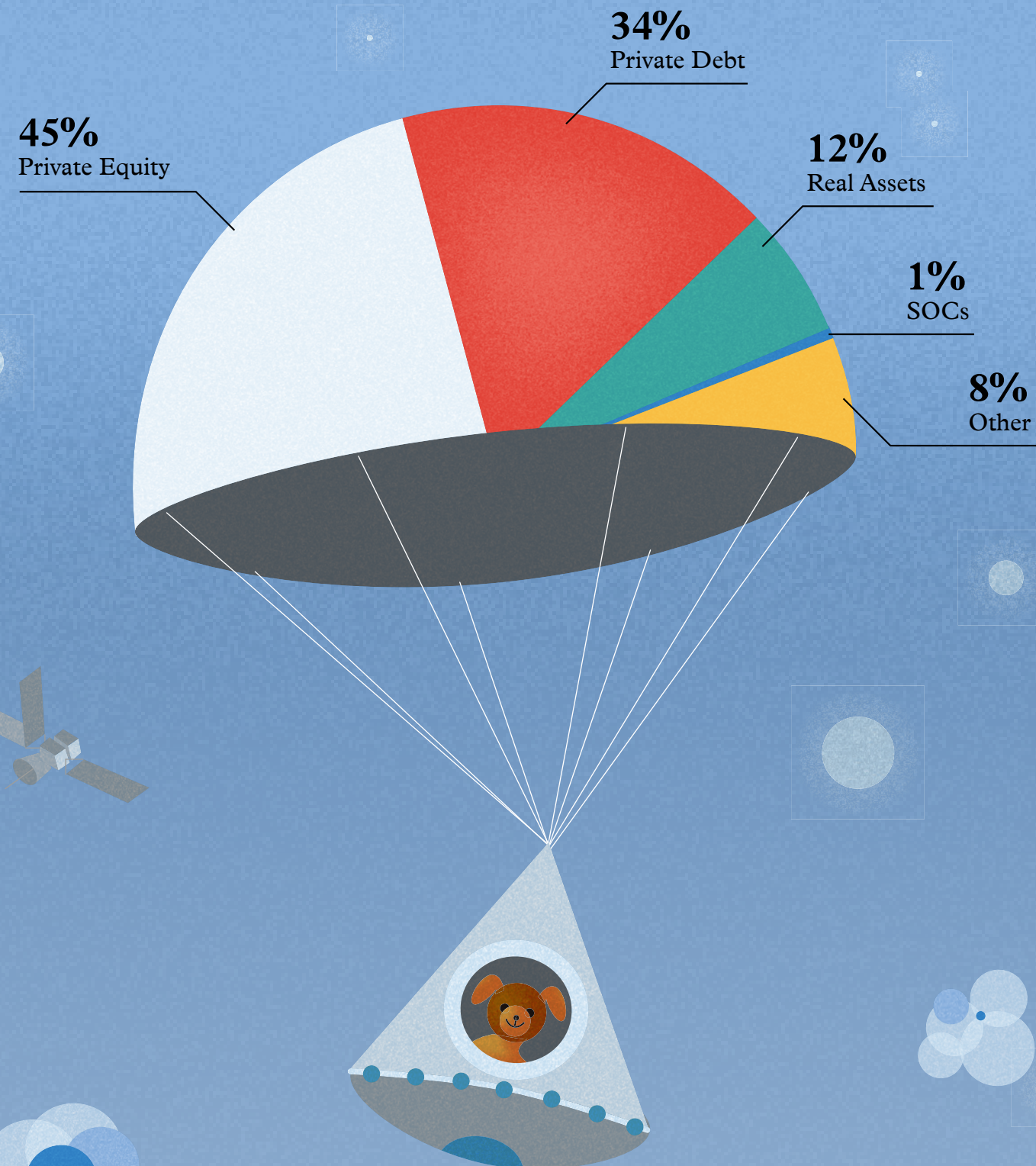
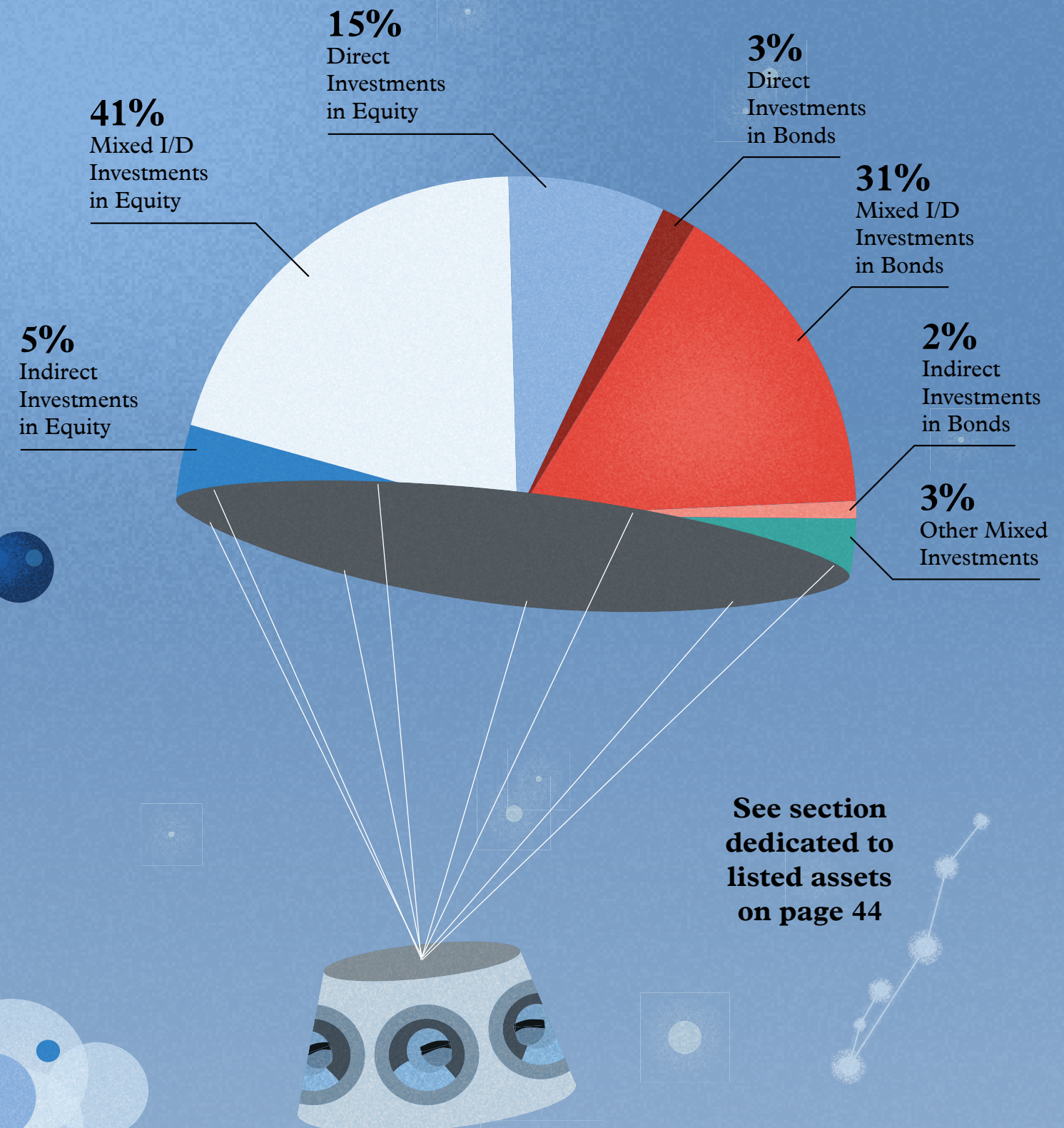


FIGURE 6

Listed Asset Classes

% of AUM (N: 45, AUM: €21bn)



See section
dedicated to
listed assets
on page 44

3

Which is the most transformative segment of the impact investing market, driving the most lasting positive change?

As explained in the recent position paper the European Impact Investing Consortium launched, *The 5Ws of Impact Investing*¹⁰, **investor additionality** marks a positive contribution that would not have happened without the investment itself. This feature is key to achieving social and environmental goals, as it characterises investments that take bold risks to support innovative and impactful solutions. Evidence shows that additional impact investors drive more lasting positive change compared to other impact investors. By focusing on unmet needs in sectors like renewable energy, affordable housing and healthcare, they catalyse developments that wouldn't otherwise occur, often directly contributing to progress on SDGs. This targeted capital yields higher social and environmental returns, creating measurable, long-term benefits.

Given the influence investors can have in unlisted markets, it is clearer how to assess their investor additionality, while it is more difficult to do so in listed markets. This is why our study focuses only on the former category when it comes to investor additionality.

In our previous report, 48% of the capital invested directly in unlisted assets reported evidence of investor additionality. This year, however, we've seen a notable increase, **with 62% of the capital captured in unlisted assets having some element of investor additionality** (see Figure 3 on page 14).

Part of this increase can be attributed to the fact that the European Impact investing Consortium has reached a consensus on defining **additional impact investing**, including it as one of the key strategies impact investors can pursue¹¹. Such alignment has enabled the Consortium partners to adopt a more nuanced approach towards investor additionality, also when collecting market data. While proving additionality remains a challenge, we have assessed and captured it through evidence of investor contributions, identifying **two primary types: non-financial additionality**, which reflects investors actively engaging with investees to improve their impact performance beyond simply providing capital (such as offering strategic guidance or opening networks); and **financial additionality**, where investors accept higher risks or lower returns, or provide patient, flexible capital to support projects that struggle to attract traditional financing.

The expectations of lower financial returns represent the “concessional” element often linked to financial additionality, where investors knowingly sacrifice a portion of their financial gains to support organisations with strong social or environmental impact potential. As seen in Figure 4 on page 14, almost a third of respondents expect financial returns lower than risk-adjusted market rates (12%+20%), reflecting the high share of additionality in the sample.

As the impact ecosystem further recognises the importance of investor additionality, some progress is required in measuring its different nuances. This would allow better understanding of where to invest and which asset classes are most needed to tackle market gaps and generate impact at scale. The European Impact Investing Consortium is committed to leading this effort by further harmonising the questions and elements that define and distinguish additional impact investing.

4

What does comparing impact investing across European countries reveal about the market?

The impact investing market in Europe is currently led by the United Kingdom, the Netherlands¹² and France, which hold the largest shares in terms of AUM. These markets have well-established impact investing ecosystems, supported by a robust regulatory environment, active investor communities and a high degree of institutional engagement.

The strong presence of these countries in the impact investing landscape sets a benchmark for the sector in Europe, showing a clear path for how strategic funding and supportive policies can drive substantial investment towards social and environmental objectives.

In addition to the leading markets, several other western European countries — including Italy, Denmark, Belgium, and Spain — are making notable contributions to the impact investing sector. These markets are

comparable in terms of share of the European AUM, reflecting a growing interest in impact investing across the continent. Although slightly smaller in scale than the most developed markets, these countries are increasingly engaging in impact-driven investments, indicating a positive trend towards greater regional diversity in the sector.

Meanwhile, Türkiye, Portugal and Greece, are emerging as nascent markets with promising growth potential. While still in the early stages of impact investing development, these regions are gradually building the foundations for future expansion. It's important to note that Figure 8 illustrates only those countries that actively collaborated for this data collection effort, reflecting the current scope of the European Impact Investing Consortium's work. Looking forward, the Consortium aims to expand its coverage to other western European countries, facilitating a more comprehensive understanding of the evolving impact investing landscape. By including additional countries in future reports, the Consortium hopes to promote balanced growth across Europe, paving the way for a truly pan-European approach to impact investing.

FIGURE 7

Types of organisation

% of organisations, % of Direct AUM in Unlisted Assets (N: 357, AUM: €107bn)

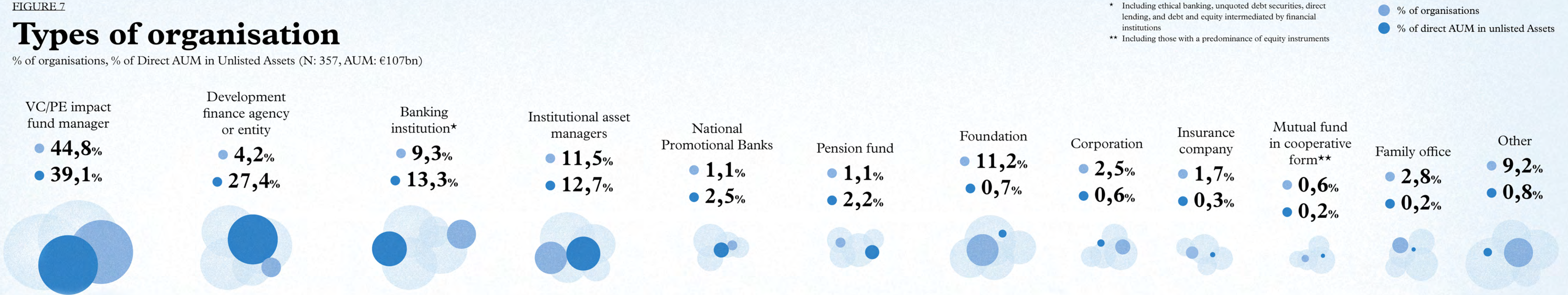
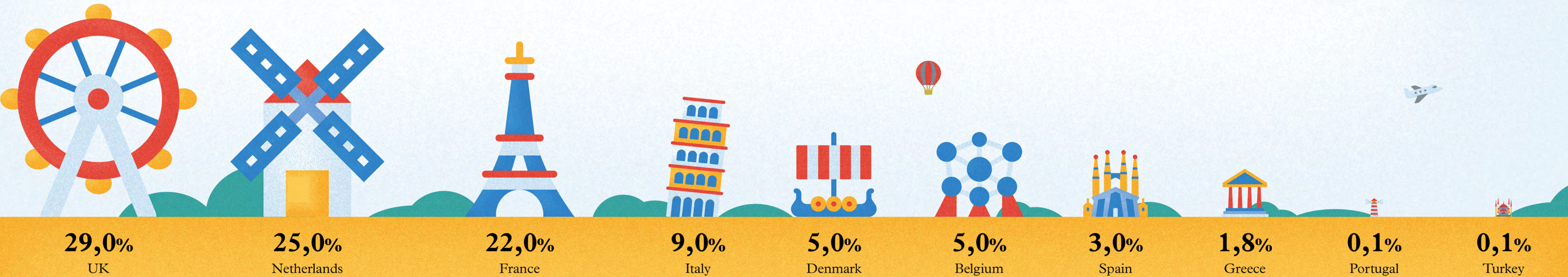


FIGURE 8

Direct impact investing in unlisted assets by country

% of Direct AUM in Unlisted Assets (N:316, AUM:€97bn)



5

Who engages in private and direct impact investing in Europe?

The impact investing landscape is diverse, with different types of organisations playing different roles. Analysing the segmentation of this market sheds light on which players are driving capital toward positive impact and where opportunities for greater engagement may be.

Venture capital and private equity (VC/PE) impact fund managers still represent the dominant category, representing 44.8% of the investors included in this study and holding 39.1% of direct AUM in unlisted assets (see Figure 7 on page 26). Their influence underscores the strong alignment of venture capital and private equity with the goals of impact investing.

Development finance agencies, while fewer in number (only 4.2%), deploy a significant 27.4% share of AUM in unlisted assets. This highlights their critical role in backing large-scale impact projects that might otherwise struggle to attract funding.

Foundations, on the other hand, make up 11.2% of organisations included in this study but manage a relatively small portion of AUM (0.7%). This suggests that, while foundations have started engaging in impact investing, their contributions are still more focused on smaller and earlier-stage organisations, which often requires less but more patient/flexible capital.

Banking institutions and institutional asset managers sit in the middle, representing around 13-14% of organisations included in our study with a corresponding 9-13% share of AUM. Lastly, traditional institutional investors like pension funds, corporations, and insurance companies show limited involvement in direct impact investing. Their contribution to the private impact investing ecosystem is mainly indirect, as we will see in the next chapter.

In summary, this segmentation reveals a varied impact investing ecosystem, with VC/PE funds and development finance agencies leading in AUM, and foundations adding value through their considerable presence.

6

What are the most common private asset classes for European impact investors?

Private equity has emerged as the leading asset class in unlisted markets for impact investors (see Figure 5 on page 19). This rise may be partly due to private equity's adaptability to high-impact projects that benefit from long-term investment horizons, often necessary for meaningful social and environmental change. Private debt remains a substantial component as well, underscoring the sector's reliance on a mix of equity and debt structures to achieve diverse impact goals across regions and industries.

In addition to private equity, real assets — such as social housing projects — and social outcomes contracts (SOCs) have shown slight increases in usage among impact investors. While still smaller in volume, these asset classes represent high impact potential, aligning well with projects that generate tangible benefits for communities. Going forward, further development in real assets and SOC could enhance the capacity of impact investing to meet pressing social needs, while diversifying asset types across the market, ultimately developing more tailored and effective instruments to nurture impactful solutions.

7

What are the biggest sources of funding for European impact investors and what untapped opportunities did this study uncover?

The landscape of capital sources available for direct impact investing in unlisted markets has evolved significantly, with institutional investors now taking the lead (see Figure 10 on page 34). Representing 27% of the total capital made available to impact investors, institutional investors, including pension funds and insurance companies, have become the primary contributors to impact investments in private, unlisted markets. Institutional investors are traditionally conservative actors, often favouring investments with stable returns and proven track records. Their shift toward impact investing reflects an increasing alignment with fiduciary duties and a growing confidence in the sector's ability to deliver measurable, positive social and environmental outcomes alongside financial returns, which is further supported by recent research from Pensions for Purpose¹³.

Banking institutions continue to be a major pillar of funding made available to impact investors, constituting 22% of the capital impact investors receive to invest, in turn, directly, into organisations that contribute to social and environmental solutions. Retail investors, who previously represented a larger portion of this sector, have seen a notable decrease, now only comprising 14% of total capital sources. The relatively higher percentage in 2022 was driven by the 90/10 funds in France, which, although growing in absolute terms, experienced a smaller growth compared to other sources of capital. This trend

should be further explored with additional analysis. Meanwhile, high-net-worth individuals (HNWIs), foundations and corporations are gradually increasing their influence, with the former two groups growing by two percentage points and the latter by four percentage points, compared to 2022. This incremental growth underscores a potentially transformative shift, as HNWIs, philanthropic organisations and corporations seek to deepen the impact of their investments beyond traditional profit-maximising asset management. In particular, foundations are best positioned to pave the way and align their assets with their missions, thus growing their impact investing activities.

Public sector contributions have also shifted, with a 2-percentage-point decrease in funding coming from the EU, counter-balanced by a 3-percentage-point increase in other public funding sources. It is important to note that part of this other public funding may still originate from the EU funding programmes, channelled through national governments or other local implementing partners. This redistribution might indicate a reallocation of government-backed resources, potentially reflecting shifts in regional priorities or the effectiveness of public funding in other sectors. Despite the relative decrease, compared to 2022 EU funding increased in absolute terms, reflecting the continuous and growing support of the European Union towards impact investing.

The varied shifts across these investor groups paint a complex but promising picture, indicating that, while the sources of capital evolve, the commitment to impact investing remains strong and adaptable to new socio-economic dynamics – such as geopolitical conflicts, inflationary pressures, and shifting regulatory landscapes. For instance, in the context of geopolitical conflicts, impact capital may be directed towards urgent aid or initiatives that promote economic stability in affected regions.

8

Where does European impact capital flow?

Thanks to this study we can capture what are the global regions European-based impact investors target, with **45% flowing outside of Europe** — a 7-percentage-point increase compared to 2022. The regional distribution of those investments has, nevertheless, shifted (see Figure 12 on page 42).

In our previous report, funds were evenly distributed among Asia, Africa, and Latin America; now, there is a **pronounced focus on Africa (18%), followed by Asia (12%) and Latin America (8%)**. Another noteworthy development is the emergence of North America as region of interest, probably due to high-impact ventures and more mature companies based in US and Canada and generating impact in other regions.

This year's study also reveals that most of the capital invested outside Europe originates from northern European countries, while southern European countries tend to focus more on investments within the continent.

FIGURE 9

Impact measurement and management

(n = 296 orgs)

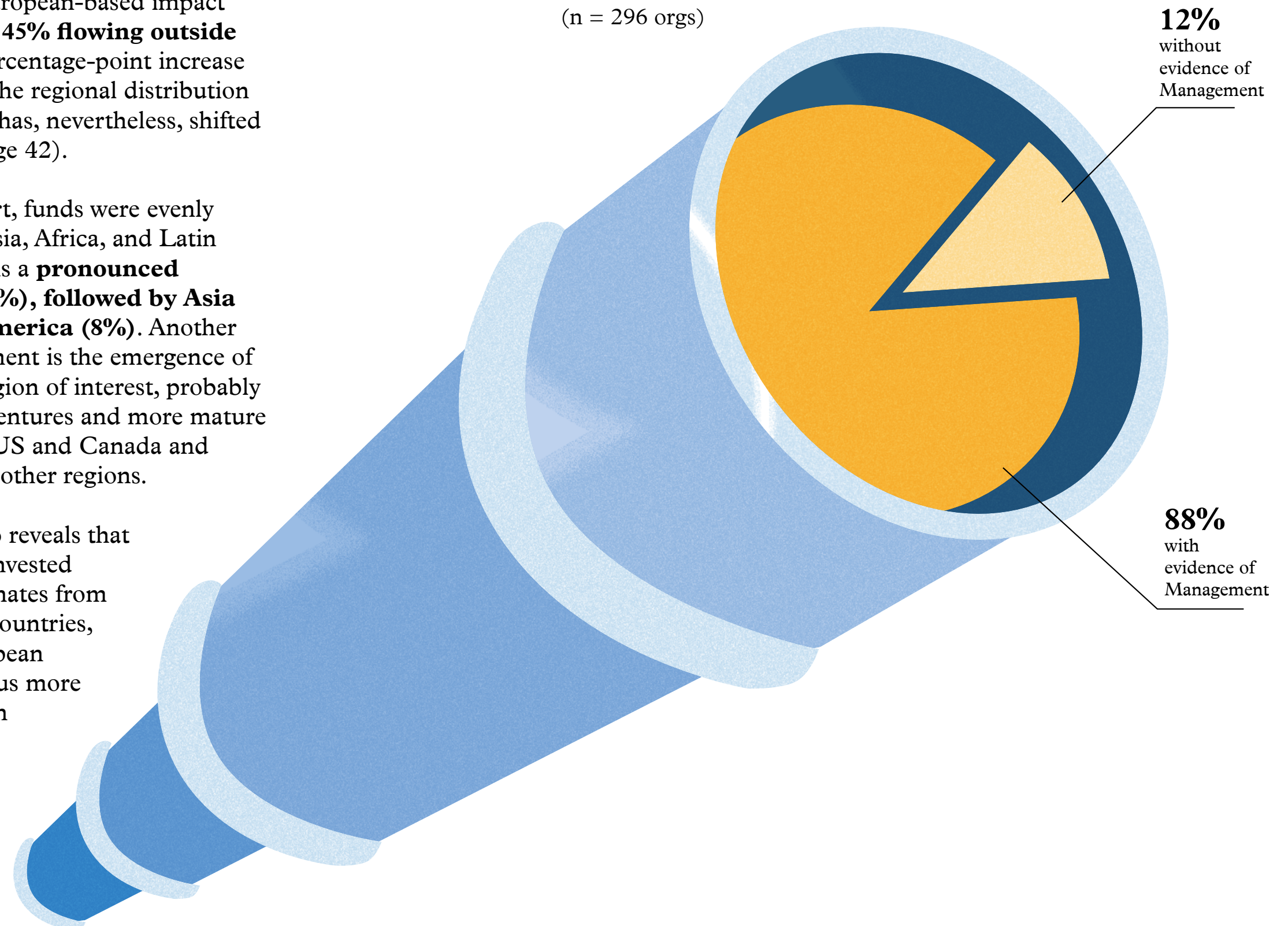
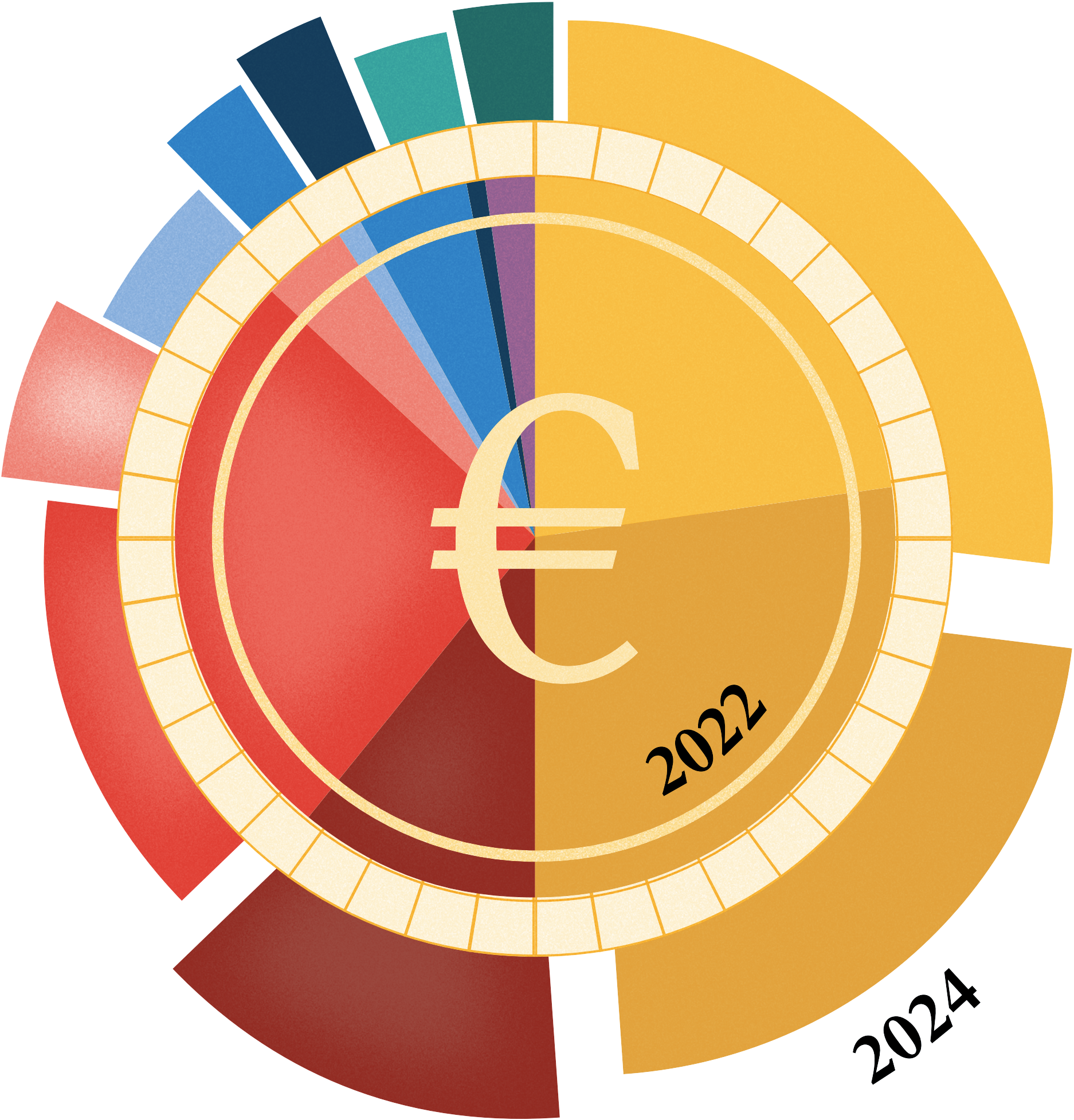


FIGURE 10

Sources of Capital

% of AUM (N: 236, AUM: €40bn)

● Institutional Investors			
2022	23%	2024	27%
● Banking Institutions			
2022	27%	2024	22%
● State or Local Public Funds			
2022	11%	2024	14%
● Individual Investors - Retail/Mass Merchandising			
2022	26%	2024	14%
● Individual Investors - High Net Worth/Merchant Banking			
2022	4%	2024	6%
● Corporations			
2022	1%	2024	5%
● EU Funding			
2022	5%	2024	3%
● Foundations			
2022	1%	2024	3%
● Private Equity/Venture Capital Firms			
		2024	3%
● Hedge Funds			
		2024	3%
● Other			
2022	2%		



9

What role do impact investors play in contributing to the SDGs?

A mix of social and environmental goals continue to be among **the top three targeted SDGs**, illustrating how impact investors represent a force for change on both impact categories.

The findings of this year's study echo the trends identified in our 2022 analysis, which reported Decent Work and Economic Growth (62%), Reduced Inequality (55%), and Climate Action (46%) as the three most targeted SDGs. While Decent Work and Economic Growth (47%) continues to hold the top position, Climate Action has moved up to second place (47%), overtaking Reduced Inequality (38%), which now ranks third (see Figure 11 on page 40). This shift highlights the increasing commitment among impact investors to boost their allocations to climate solutions, with a focus on mitigating climate change and decarbonising their investment portfolios.

The nuanced market data has allowed us to identify how impact investors allocate resources across various SDGs based on geographic regions. Our findings indicate that investors in northern Europe are placing a greater emphasis on environmental SDGs, whereas their southern European peers are prioritising the social ones.

This difference might be influenced by the different regional priorities and challenges faced by each geographical area. Northern European countries perceive climate change as their biggest threat and possess a strong cultural commitment to sustainability, which drives their investments in climate action and conservation efforts. In contrast, southern European countries are grappling with significant social issues, such as unemployment, access to housing and inequality, prompting impact investors to focus on SDGs that address these pressing needs. This geographical variation shows how impact investors are adopting different strategies and highlights the need of customising investments to fit the unique socio-economic environments of each region.

10

What are the market standards for impact measurement and management?

As in 2022, all organisations included in the study are measuring impact, with 88% reporting clear evidence of managing impact (see Figure 9 on page 33) — an increase from the 83% reported in 2022. Managing impact means using data collected to understand what is working well and what should be improved, resulting in better informed decisions taken by impact investors. It is key to ensure impact investors engage in a continuous and virtuous learning cycle, constantly refining their strategies and impact objectives.

Although the remaining 12% have yet to implement full impact management, we included these investors in the study as they are on a journey to implementing it and demonstrated strong alignment with all other key pillars like measurability, intentionality and investees contributing to solutions. This upward trend highlights a stronger commitment to incorporating impact measurement

and management into everyday decision-making, ensuring that impact considerations are embedded into core business strategies.

The impact measurement and management (IMM) initiatives and frameworks adopted by impact investors have not changed compared to the previous study, with theory of change, UNDP SDG Impact Standards and IMP 5 dimensions still topping the list. A bit less than a third of impact investors use other frameworks or tools than the ones included in a comprehensive list¹⁴, showing the need for customised and tailor-made IMM solutions.

Fragmentation in IMM strategies allows impact investors to tailor approaches to specific goals, sectors and regions, fostering flexibility and innovation. However, it also creates challenges for comparability and consistency, making it difficult to benchmark and assess impact across investments. Greater alignment on core IMM principles, while preserving flexibility, could help enhance transparency and credibility in the impact investing market.

FIGURE 11

Sustainable Development Goals (SDGs) targeted

% of respondents (n 2022 = 238 org / n 2024 = 343 org)

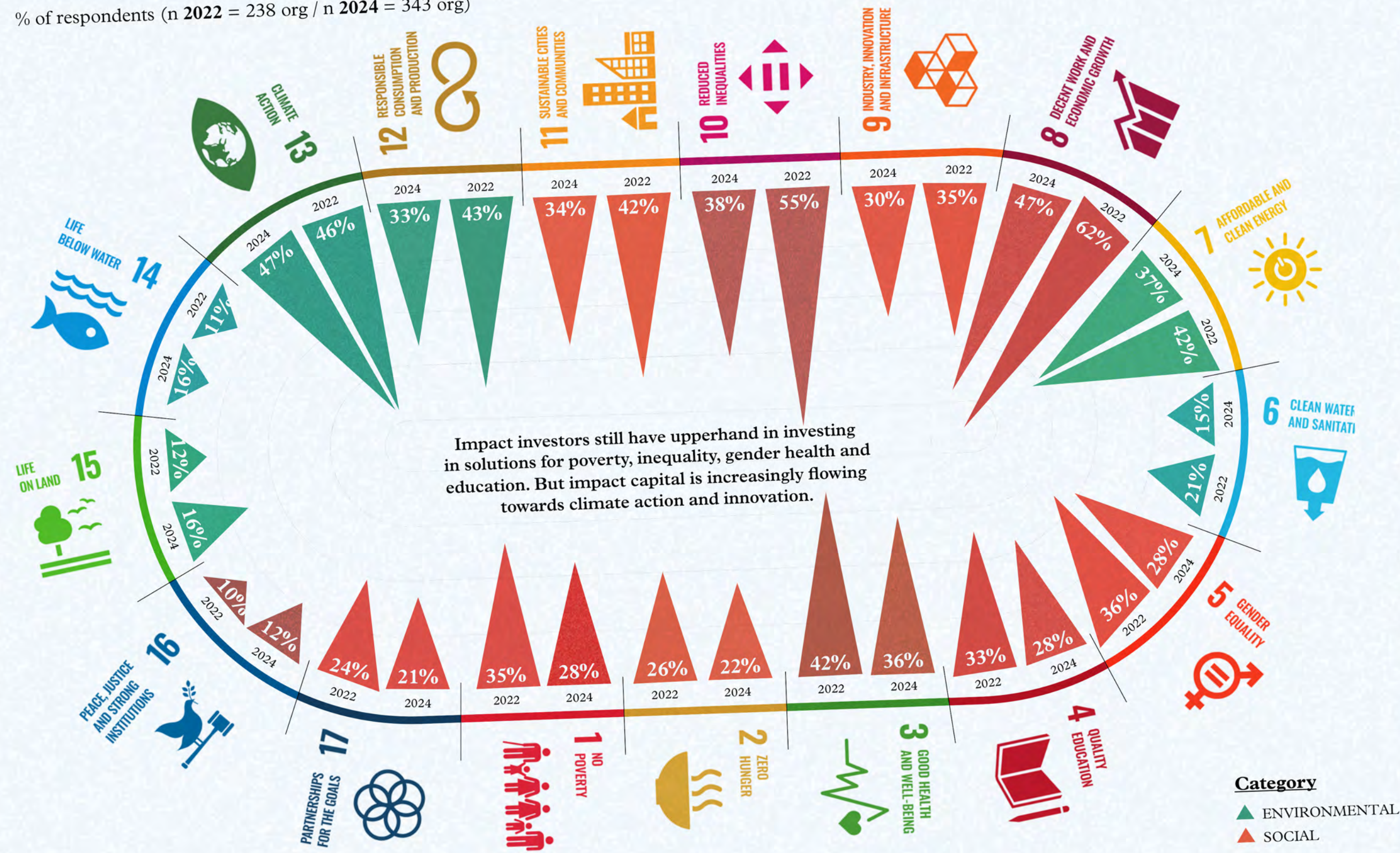
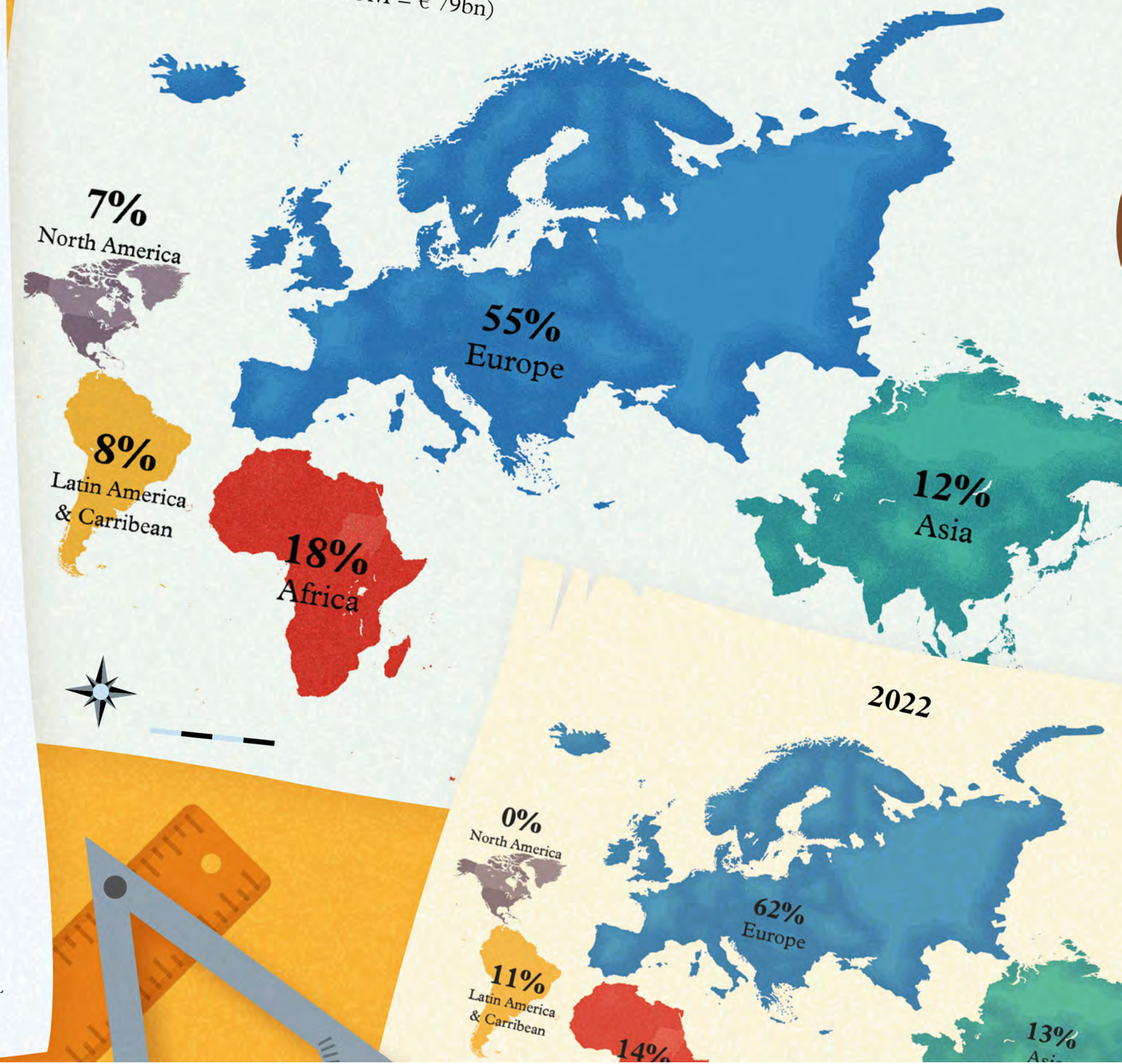


FIGURE 12

World Regions Targeted

% of AUM (n = 233, total AUM = € 79bn)



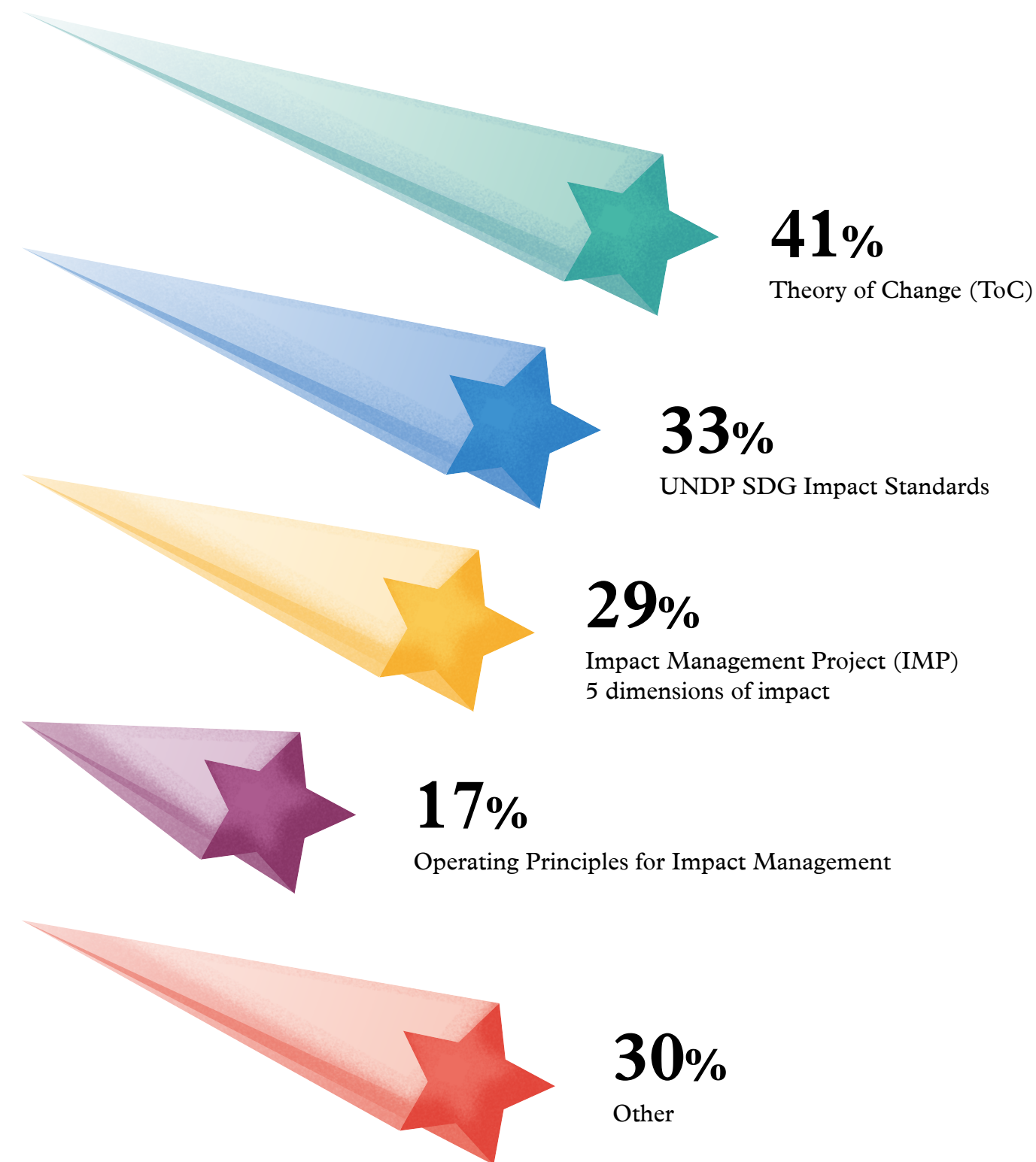


FIGURE 13

Impact management initiatives adopted

(n = 244 orgs)

How does European impact investing in listed assets look like?

the growing role of publicly traded assets in achieving social and environmental objectives.

However, the understanding of impact investing in listed markets remains limited and is primarily driven by a few leading countries, particularly the United Kingdom, the Netherlands, and France, which have established practices and frameworks for assessing impact within listed markets. In contrast, countries such as Italy and Spain have yet to incorporate listed assets into their impact investing frameworks, highlighting an area for future development. The experiences of these advanced markets can provide valuable insights as other countries develop their own approaches to public impact investing.

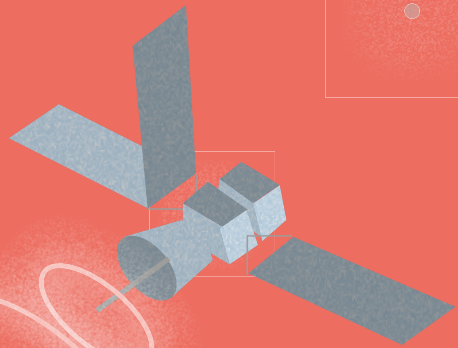
This year's study marks a significant step forward in understanding public impact investing by broadening the scope to include listed assets (€40 billion have been captured in our market estimates). Recognising the unique characteristics of public markets, we adapted our framework to better assess intentionality and measurability within these asset classes, ensuring relevance for stakeholders active in listed markets. This adjustment allows us to capture a fuller picture of impact investing, acknowledging

As reported in Figure 6, among listed asset classes, public equity stands out as the most widely deployed by impact investors, surpassing publicly traded bonds in terms of usage. The preference for public equity suggests a greater alignment with impact goals, as equity investments offer shareholders more influence over company practices and strategies. As understanding and methodologies continue to evolve, listed markets are expected to become an increasingly important component of the impact investing landscape, helping scale impact across diverse sectors and geographies.

2

AUTHORS
De Felice, R., Gianoncelli, A., and Gaggiotti, G.

Calls to action



A

IMPACT INVESTORS

should embrace their new role as market influencers.

As pioneers, impact investors have already been acting as influencers for the market, inspiring other investors to move towards impact and other ecosystem actors to support the sector. With the market growing, their immense experience must serve to provide the market with so much needed data while their inclination to innovation can sustain the creation of new financial models in the sector.

As they have been growing in relative terms – see figure 3, additional impact investors must prioritise communicating the value of investor additionality – demonstrating their investments create social and environmental benefits beyond what conventional capital can achieve. By openly showcasing how their investments fill critical gaps and address unmet needs, impact investors can inspire broader market participation and foster a deeper commitment to meaningful change. Embracing investor

additionality as a core principle and transparently sharing the unique impact generated will highlight the importance of innovative capital deployment, motivating other market players to adopt these approaches and join in scaling solutions that work at a systemic level.

The results show still a variety of IMM frameworks and initiatives adopted by impact investors – see figure 13. They should improve impact measurement and management (IMM)

methodologies to provide the market with comparable impact data. Using their experience in monitoring and managing impact results, impact investors should combine their tailored IMM models while supporting processes, such as Impact Weighted Accounts¹⁵, to create comparable impact data, since comparability has proved a barrier for entering the market.

Increase support to social outcomes contracting (SOC) and innovative outcomes-based financial vehicles, which still represents a very small share of asset classes – see figure 5. With over 300 SOC across the world, this tool has proved to have the potential to mobilise all the ecosystem actors towards one objective, creating the conditions for the growth of the impact investing market. Impact investors are the most credible actors to push more countries to design SOC or similar outcome-based financial vehicles.

B MAINSTREAM, RESPONSIBLE & SUSTAINABLE INVESTORS

*should integrate impact investing
into their ESG strategies.*

Mainstream, responsible and sustainable investors have well-integrated ESG criteria in their strategies, with the intent to mitigate the risk of their businesses.

— They should now include in their decision-making processes serious intentions about driving change and improving their sustainability journey, allocating at least a small portion of their assets under management into impact investing.

— Go beyond compliance to focus on value generation. Defining the positive change they want to create while using an integrated approach of ESG criteria and impact indicators to achieve that change and mitigate risks.

— Include in the institutions' boards people with skills in impact. It starts with people, including board members with a background in impact, who can accelerate the sustainability journey, by introducing impact criteria into the decision-making process.

C

POLICY-MAKERS

should build on the current evidence to scale the market.

The sector is growing and so is the maturity of its players and tools. Success cases, replicable models and impact data are available and systematised.

Policymakers should build on this evidence to scale the market, facilitating the unleashing of more capital towards impact.

Work closely with impact investors focusing on additionality to push faster social innovation. Additional impact investing is a powerful strategy to cope with those new needs that require systemic approaches with actions from private and public institutions. Public-private partnerships, blended finance and de-risking mechanisms are tools that have already proved their effectiveness and that are adopted more and more frequently.

Policymakers should support such growth to ensure that more resources flow rapidly to solve social and environmental challenges.

Put impact at the centre of the EU multiannual financial framework negotiations. As we get closer to the negotiations for the next EU multiannual financial framework, national policymakers should put impact at the core of their agendas with the intent to progress faster on the SDGs.

Improve the regulatory framework to make it easier for investors to navigate the impact space and mitigate green and social washing risks.

For more details and granularity, the Investing for Impact Manifesto¹⁶, released by Impact Europe and GSG Impact National Partners, is a call to action for EU policymakers and offers an enabling policy framework.

D

MARKET BUILDERS

should push for a complete harmonisation at European level and for global action.

European market builders, such as those participating in this study, have demonstrated an increased collaboration and an increased willingness to achieve common definitions, standards, and data. The position paper The 5 Ws of Impact Investing¹⁷ exemplifies this unified approach, offering clarity to the regional market. Such initiatives should serve as a foundation for promoting more collaboration and shared data at the global level.

—— To build a more cohesive impact investing ecosystem across Europe, market builders should prioritise efforts to further align standards, definitions, and timelines. By collaborating to establish a shared framework, these key actors can reduce fragmentation, enhance comparability, and build trust, making it easier for impact investors to assess opportunities and manage impact. A unified approach led by market builders will not only facilitate capital

flows within Europe, but also position Europe as a leader in transparent and harmonised impact investing practices.

—— Globally promote successful examples of collaboration to inspire replication and expand data availability in the market, thereby unlocking international impact capital. The methodologies, definitions and collaborative processes developed in Europe can serve as models for other regions, helping attract global partners and

improving transparency across markets.

—— Leverage common data and definitions to enhance capacity building for policymakers and mainstream finance actors. Capacity building remains one of the primary barriers to entry in impact markets. Shared tools and data can provide essential skills to market participants, helping them navigate and contribute to the impact ecosystem effectively.

Appendix

A common methodology — the consensus result



The European Impact Investing Consortium has recently published *The 5 Ws of Impact Investing*¹⁸, a position paper that summarises the key results of the consensus building effort started in 2020. By clarifying the principles that guide impact investing strategies and by identifying the different players active in the ecosystem, this paper lays the groundwork for a more harmonised and effective methodology to size the impact investing market in Europe and beyond.

There are two core principles that define impact investing: **intentionality** and **measurability**. Impact investors must have a clear, deliberate intention to create positive social or environmental outcomes. Furthermore, they are committed to measuring the impact of their investments, using this data to manage and enhance outcomes effectively. These two principles are reflected in the three defining features of impact investing:

1. A clear ex ante intention to contribute to solving social and/or environmental problems in addition to earning an appropriate financial return, starting from capital recuperation.

2. Impact measurement and management, using the impact data collected to understand what works and what to improve, ultimately taking better-informed decisions.

3. Financing companies or projects whose primary mission is to **provide solutions to address social or environmental challenges** and/or benefit otherwise neglected/underserved target groups.

A key distinction is made between **private and public market impact investing**. On the one hand, private investments typically feature deeper engagement, a broader range of financial instruments and longer investment horizons, providing more opportunities to drive change. Public market investments, on the other hand, can be limited by shorter investment timelines and liquidity requirements, which may restrict the scope for active engagement.

The Investor Strategies Map

The position paper identifies five distinct investor strategies based on how and where capital is allocated:

1. Responsible Investing

This approach involves investing in companies that act to avoid harm. Investors following this strategy do not actively pursue new positive impact but focus on supporting firms that have already demonstrated improvements in reducing negative impacts.

2. Sustainability-Improving (or Transition) Investing

This strategy targets companies currently engaged in harmful practices but committed to transitioning to sustainable operations. Investors provide both financial and non-financial support, helping these companies develop strategies to achieve sustainable outcomes and guiding them towards long-term change.

3. Sustainable Investing

Investors aim to generate long-term financial returns while promoting sustainable outcomes by integrating Environmental, Social, and Governance (ESG) factors into their decision-making processes. Capital is allocated to organisations already within the sustainable range, ensuring that their performance is either maintained or improved over the investment period.

4. Impact Investing

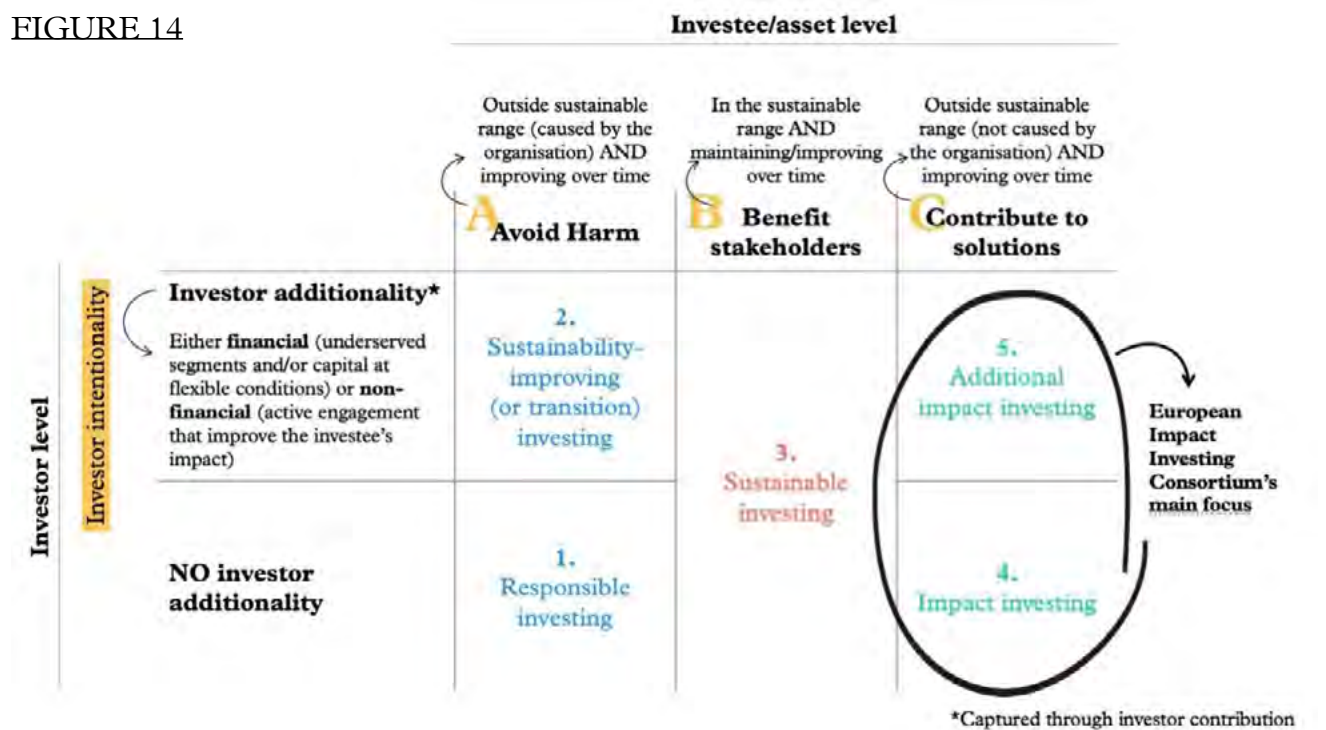
This strategy is defined by a clear intention to generate positive, measurable social and environmental impact alongside financial returns. Impact investors focus on organisations dedicated to addressing specific social or environmental challenges. These investments are made at market conditions, without necessarily adding significant non-financial resources to enhance the impact of the investees.

5. Additional Impact Investing

The focus here is on creating impact that would not occur without the investor's involvement. This strategy targets underserved capital markets, where projects often require both financial and non-financial contributions. Investors may accept higher risks or lower returns to support initiatives that are typically overlooked by mainstream finance.

These strategies illustrate the diverse approaches within the field of sustainable and impact finance, demonstrating how investors can tailor their methods based on objectives, risk profiles and levels of engagement.

FIGURE 14



Main Limitations

Despite substantial efforts to provide a comprehensive and harmonised analysis of the impact investing landscape, also based on the consensus built through the publication of the “5Ws” report, the Consortium encountered certain limitations during this study. Below is an overview of the main ones:

Data Harmonisation

As a consortium, we dedicated significant efforts to aligning the timelines and methodologies of different data collections. However, we are still progressing toward achieving complete harmonisation. As a result, some countries' 2023 data could not be included in this report:

- **Germany:** No recent data collection has been launched in Germany. Therefore, we relied on the same data used in our previous *Accelerating Impact* report¹⁹, which references 2021.
- **Netherlands:** The data collection in Netherlands is still ongoing, thus, similar to Germany, we used 2021 data as reported in the previous *Accelerating Impact* report.
- **Norway:** We used 2022 data from NorNAB's most recent report, 2023 State of the Impact Investing Market in Norway.²⁰
- **Italy:** Differently from the previous countries, our Italian partners, Social Impact Agenda per l'Italia and Politecnico di Milano, updated some of the data previously used in 2022 for the report Finance for Impact. 2023 Italian Outlook. The Journey to Radicality²¹, resulting in a blend of 2022 and 2023 data for Italy.

Impact Management Assessment

Assessing the percentage of organisations moving beyond impact measurement to actively manage impact data for decision-making – a core component of impact investing – is one of the key analyses of this report. However, in some nascent markets, it remains challenging to accurately assess the proportion effectively doing so. Therefore, to avoid skewing the European consolidated figures, data from Greece was excluded from Figure 13.

Funnel Analysis and Asset Distinction

In our analysis of how impact investments integrate within the broader finance landscape at Figure 1, we realised the importance of distinguishing between asset types, such as alternatives/unlisted assets and active specialities/listed assets, and other categories that may not apply to impact investing strategies. To address this, we used the European Total Assets Under Management figure reported in the Boston Consulting Group's Global Asset

Management Report 2024²² and incorporated an asset breakdown at the global level to estimate the European distribution, as specific European-level data couldn't be disclosed.

Data Collection at Organisation vs. Vehicle²³ Level

In the previous *Accelerating Impact* report, we presented data at vehicle level. This year, however, due to variations in data collection approaches across countries, most data were collected at the organisation level. Consequently, we chose to report findings at the organisation level, with sample sizes (N) reflecting the number of organisations involved in each analysis, even though some of them may manage more than one vehicle.

Endnotes

1 United Nations, (2024), “The Sustainable Development Goals Report 2024”. Available at: <https://unstats.un.org/sdgs/report/2024/The-Sustainable-Development-Goals-Report-2024.pdf>

2 This figure has been extrapolated from the 431 organisations based in 21 European countries that were included in the study

3 Frankle, D., Belyakov, A., Burkhardt, J., Carrubba, J., Czerepak, P., Felix, L., Hutchinson, P., Liu, B., Malpekar, M., Millosevich, M., Newsom Reeves, K., Palmisani, E., Pancham, I., Pardasani, N., Rabener, E., Rudolph, G., Valitsky, L., Walbaum, A., Zupa, I., Boston Consulting Group, (2024), “Global Asset Management Report 2024”. Available at: <https://web-assets.bcg.com/a3/8a/9a5b5365468d8e5db5993160fa2a/2024-gam-report-may-2024-r.pdf>

4 Frankle, D., Belyakov, A., Burkhardt, J., Carrubba, J., Czerepak, P., Felix, L., Hutchinson, P., Liu, B., Malpekar, M., Millosevich, M., Newsom Reeves, K., Palmisani, E., Pancham, I., Pardasani, N., Rabener, E., Rudolph, G., Valitsky, L., Walbaum, A., Zupa, I., Boston Consulting Group, (2024), “Global

Asset Management Report 2024”. Available at: <https://web-assets.bcg.com/a3/8a/9a5b5365468d8e5db5993160fa2a/2024-gam-report-may-2024-r.pdf>

5 Suarez, J., AFME, (2024), “ESG Finance Report Q4 2023”. Available at: <https://www.afme.eu/Portals/0/DispatchFeaturedImages/AFME%20ESG%20Finance%20Report%204Q%202023.pdf>

6 The €113 billion is the total direct and private impact AUM reported by organisations included in the study, while €190bn is our extrapolated estimate of the entire private impact investing market, including both direct and indirect investments.

7 Hand, D., Ulanow, M., Pan, H., Xiao, K. (2024). Sizing the Impact Investing Market 2024. The Global Impact Investing Network (GIIN). New York. Available at: <https://thegiin.org/publication/research/sizing-the-impact-investing-market-2024/>

8 In absence of a new study conducted in Germany and since the data collection in The Netherlands is still open as of November 2024, for these two countries we used the data included

in the previous study of the Consortium; more information are available in the section “main limitations”.

9 United Nations, (2024), “The Sustainable Development Goals Report 2024”. Available at: <https://unstats.un.org/sdgs/report/2024/The-Sustainable-Development-Goals-Report-2024.pdf>

10 Gaggiotti, G., Gianoncelli, A., Impact Europe, (2024), “The 5 Ws of impact investing”. Available at: <https://www.impacteurope.net/insights/5-ws-impact-investing>

11 “Additional Impact Investing”: investments directed to impact enterprises that often target underserved capital markets and are classified as C – contributing to solutions. Investors adopting this strategy create a positive impact that would not have occurred without their financial and/or non-financial contribution.” Gaggiotti, G., Gianoncelli, A. (2024) “The 5 Ws of impact investing”. Impact Europe. Available at: <https://www.impacteurope.net/insights/5-ws-impact-investing>

12 Since the data collection in The Netherlands is still open as of November 2024, we used the data included in our previous study, published in 2022, for the Dutch market. Looking at the growth of other European countries, we assumed the Dutch growth would be counterbalanced by the narrower and more specific scope of this year's study, compared to the previous one.

13 Pensions for Purpose, (2023), “Impact investment performance – a UK asset owner & investment consultant perspective”. Available at: https://www.pensionsforpurpose.com/assets/uploads/2023-11-27_ImpactLens-FINAL3.pdf

14 On top of those depicted in figure 13, other impact management frameworks include: EVPA five-steps process, SVI Principles of Social Value and SROI, GIIN Compass, and CERISE.

15 Impact Weighted Accounts (IWA) refer to financial statements that integrate social and environmental impacts alongside traditional financial metrics. Developed to improve transparency, IWAs allow stakeholders to assess a company's overall contribution to societal well-being and

sustainability, facilitating more informed decision-making in the impact investing sector.

16 Impact Europe, FAIR, Impact Finance Belgium (IFB), The Foundation Netherlands Advisory Board (NAB), Social Impact Agenda per l’Italia, Spain NAB, (2024), “The Investing for Impact Manifesto”. Available at: <https://www.impacteurope.net/manifesto>

17 Gaggiotti, G., Gianoncelli, A., Impact Europe, (2024), “The 5 Ws of impact investing”. Available at: <https://www.impacteurope.net/insights/5-ws-impact-investing>

18 Gaggiotti, G., Gianoncelli, A., Impact Europe, (2024), “The 5 Ws of impact investing”. Available at: <https://www.impacteurope.net/insights/5-ws-impact-investing>

19 Gaggiotti, G., Gianoncelli, A., EVPA, (2022), “Accelerating Impact – Main takeaways from the first harmonized European impact investment market sizing exercise”. Available at: https://www.impacteurope.net/sites/www.evpa.ngo/files/publications/EVPA_Accelerating_Impact_2022.pdf

20 NorNAB, (2023), “The State of Impact Investing in Norway”. Available

at: <https://27089356.fs1.hubspotusercontent-eu1.net/hubfs/27089356/2023%20State%20of%20Impact%20Investing%20in%20Norway.pdf>

21 Calderini, M., Boni, L., Borrello, A., and Chiodo, V. (2023) “Finance for impact. 2023 Italian Outlook. The journey to radicality”. Tiresia – Politecnico di Milano and Social Impact Agenda per l’Italia. Available at: <https://www.social-impactagenda.it/wp-content/uploads/2024/01/FINANCE-FOR-IMPACT.pdf>

22 Frankle, D., Belyakov, A., Burkhardt, J., Carrubba, J., Czerepak, P., Felix, L., Hutchinson, P., Liu, B., Malpekar, M., Millosevich, M., Newsom Reeves, K., Palmisani, E., Pancham, I., Pardasani, N., Rabener, E., Rudolph, G., Valitsky, L., Walbaum, A., Zupa, I., Boston Consulting Group, (2024), “Global Asset Management Report 2024”. Available at: <https://web-assets.bcg.com/a3/8a/9a5b5365468d8e5db5993160fa2a/2024-gam-report-may-2024-r.pdf>

23 An investment vehicle is a specific financial product, such as a fund, created to pool and invest capital to achieve a particular financial or impact objective.

Acknowledgments

Impact Europe has realised this report, as the coordinator of the European Impact Investing Consortium's market harmonisation work.



Impact Europe would like to thank all the partners of the European Impact Investing Consortium: GSG France for Impact Finance, Impact Finance Belgium, Impact Investing Institute, MAZE, Netherlands Advisory Board on Impact Investing, Social Impact Agenda per l'Italia, SpainNAB, and The Hellenic Impact Investing Network; and the national academic partners: Esade Center for Social Impact and Politecnico di Milano - Department of Management, Economics and Industrial Engineering.



Impact Europe would like to thank EYDK – GSG Impact National Partner Türkiye and Invest for Impact Denmark for the support in producing consolidated figures of their impact investing markets.



Impact Europe would like to thank GSG impact for the support in convening this group. We believe this collaborative relationship represents an inspiring case that could prove how far it can get when goals and hopes are shared.



This is a shared milestone that would have not been possible without the effort and the contribution of every above-mentioned partner.

A special thanks goes to all the Impact Europe colleagues who supported with text editing and design, Clara Maspons (Knowledge Associate), Benjamin De Vries (Impact Storytelling Manager), Dragan Stojanovski (Director of Marketing and Communications); your work has been crucial. Last but not least, thanks to Impact Europe CEO Roberta Bosurgi for the support in shaping the messages in a straight and meaningful way.

Finally, Impact Europe would like to thank all the organisations that responded to the European Impact Investing Survey, whether through the survey disseminated by Impact Europe or by one of the national partners: your time and commitment have been precious.

This report has been realised thanks to the financial support of:



Co-funded by the
European Union



• *The*
Size
of Im-
pact