

The Power of Impact Investing

Aligning Faith & Finance

March 12th, 2025

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The Power of Impact Investing

As the scope of Impact grows, so does the opportunity to help make real change and potentially grow your returns.



Every dollar invested is a vote for the future we envision - for innovation and transformation.

Food Co-Investment

Protecting against food waste



71 tonnes reduced waste

Infrastructure Primary

Increasing electricity generation of existing renewable sites and building new capacity



2,047 tCO2e avoided emissions

24,899 Renewable energy generated

For the one-year period ending 31 December 2023. For illustration and education purposes only. These case studies are illustrations of impact reporting by impact themes. It is not known whether the manager listed above approve or disapprove of Mercer or its service. Results will vary by investment and by manager and there can be no guarantee of similar results will be achieved. The use of this information should not be seen as investment advice.

Health Secondary

Healthcare education platform for minorities



2,061 students enrolled, 82% pass rates

(family income below 50,000 USD)

Why this matters now?

The world is changing

Rising energy demand & emissions

Food Security & Water Scarcity

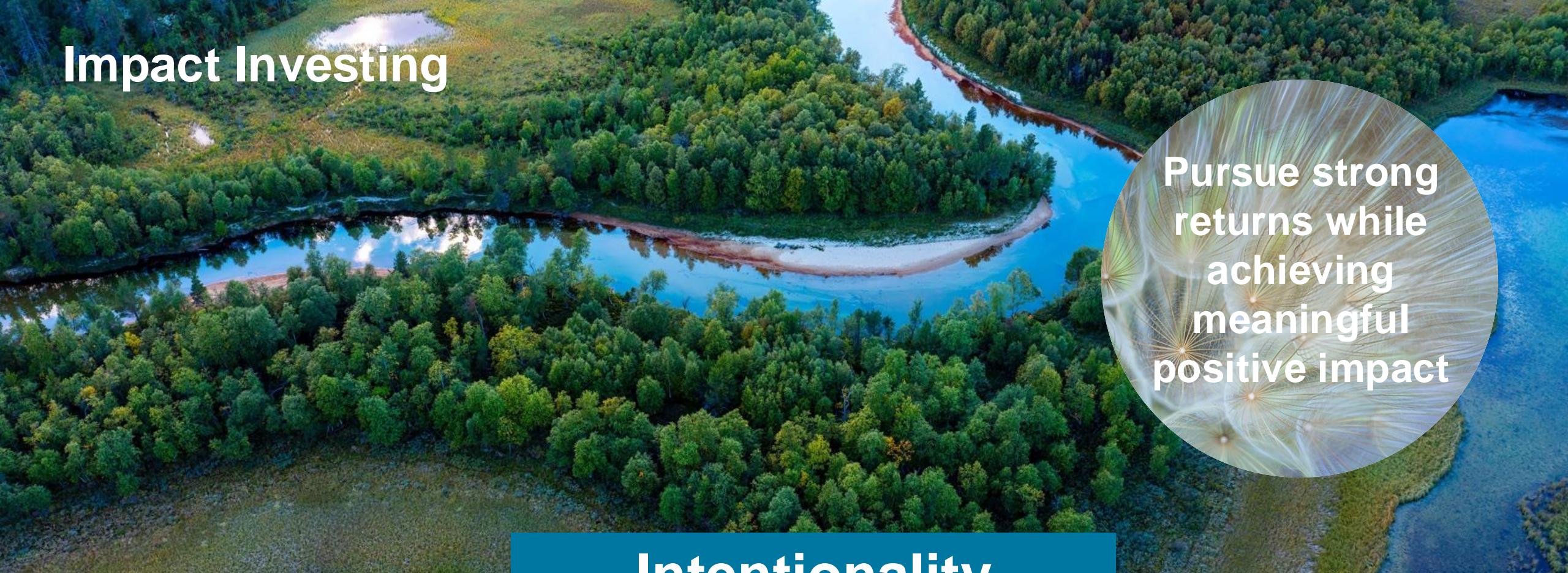
The Aging Population & Healthcare Demands

Urbanization & Infrastructure Needs



The History of Impact Investing: Faith-Based Financial Principals

Impact Investing



Pursue strong returns while achieving meaningful positive impact

Intentionality

Financial Return

Measurement

The Ethical Foundation: Mensuram Bonan



Engage



Exclude

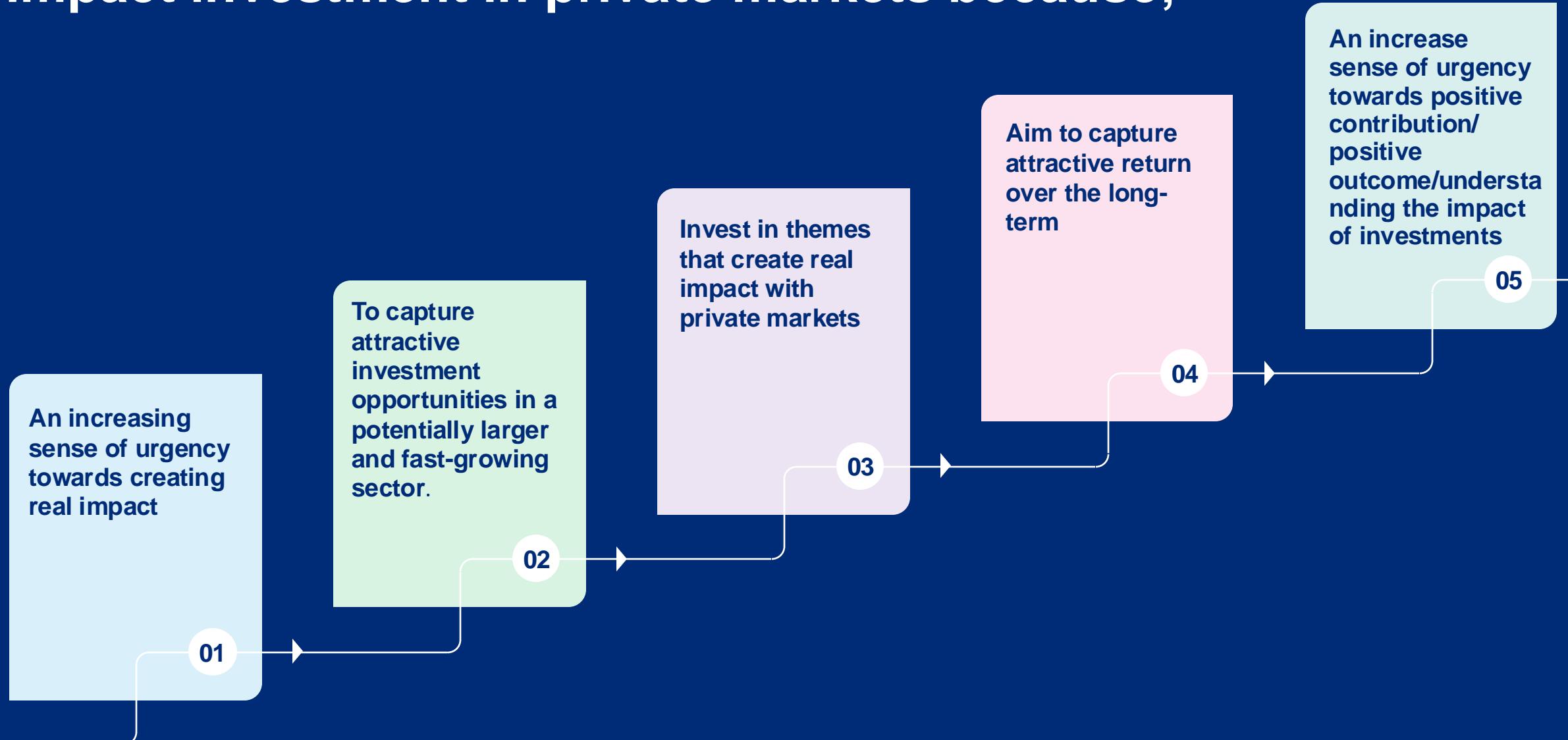


Enhance

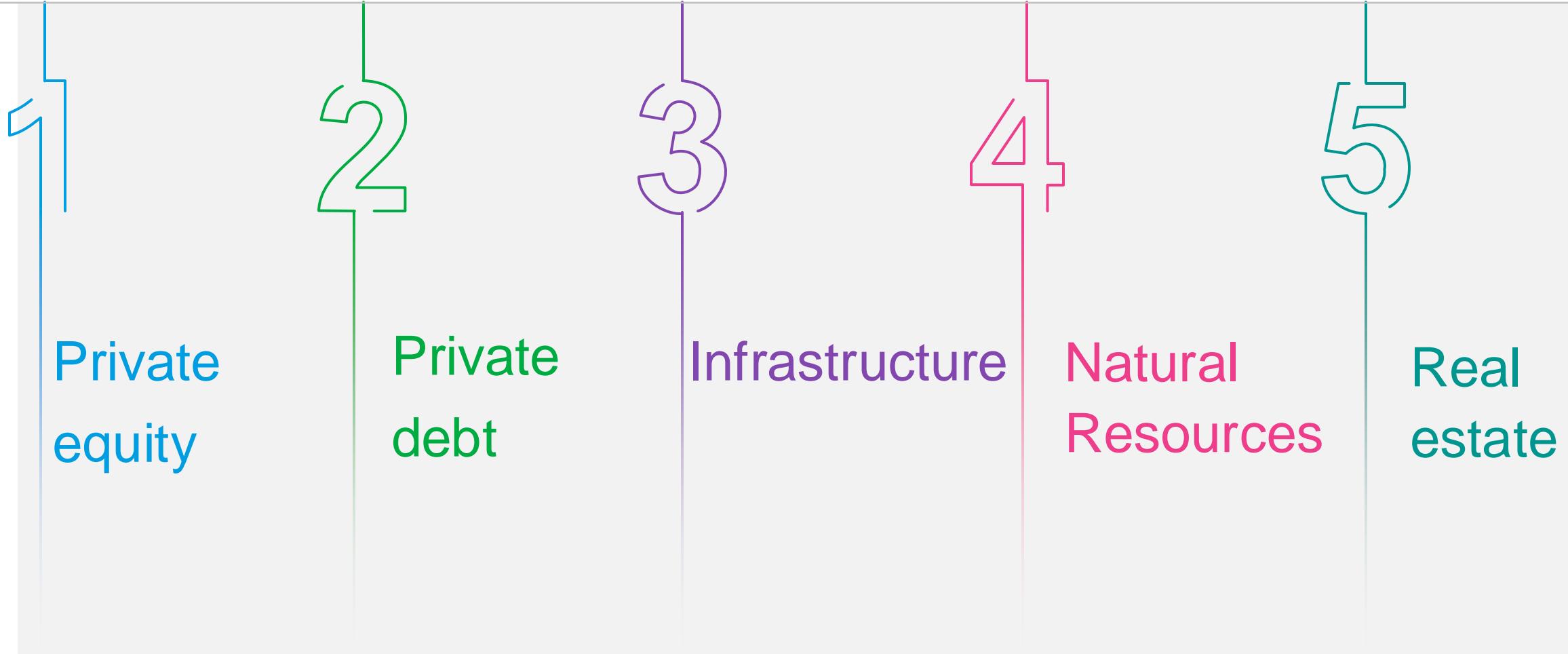
Private Markets and Impact



We are seeing more investors creating dedicated allocation to impact investment in private markets because;



Mercer supports clients across the entire private market assets spectrum



Sustainability/Impact focus and liquid capabilities

Developing an Impact Portfolio



Set the Objectives

Key impact focus areas, faith-based values, level of risk/return.



Theory of Change

Problem? Change? Outcome?



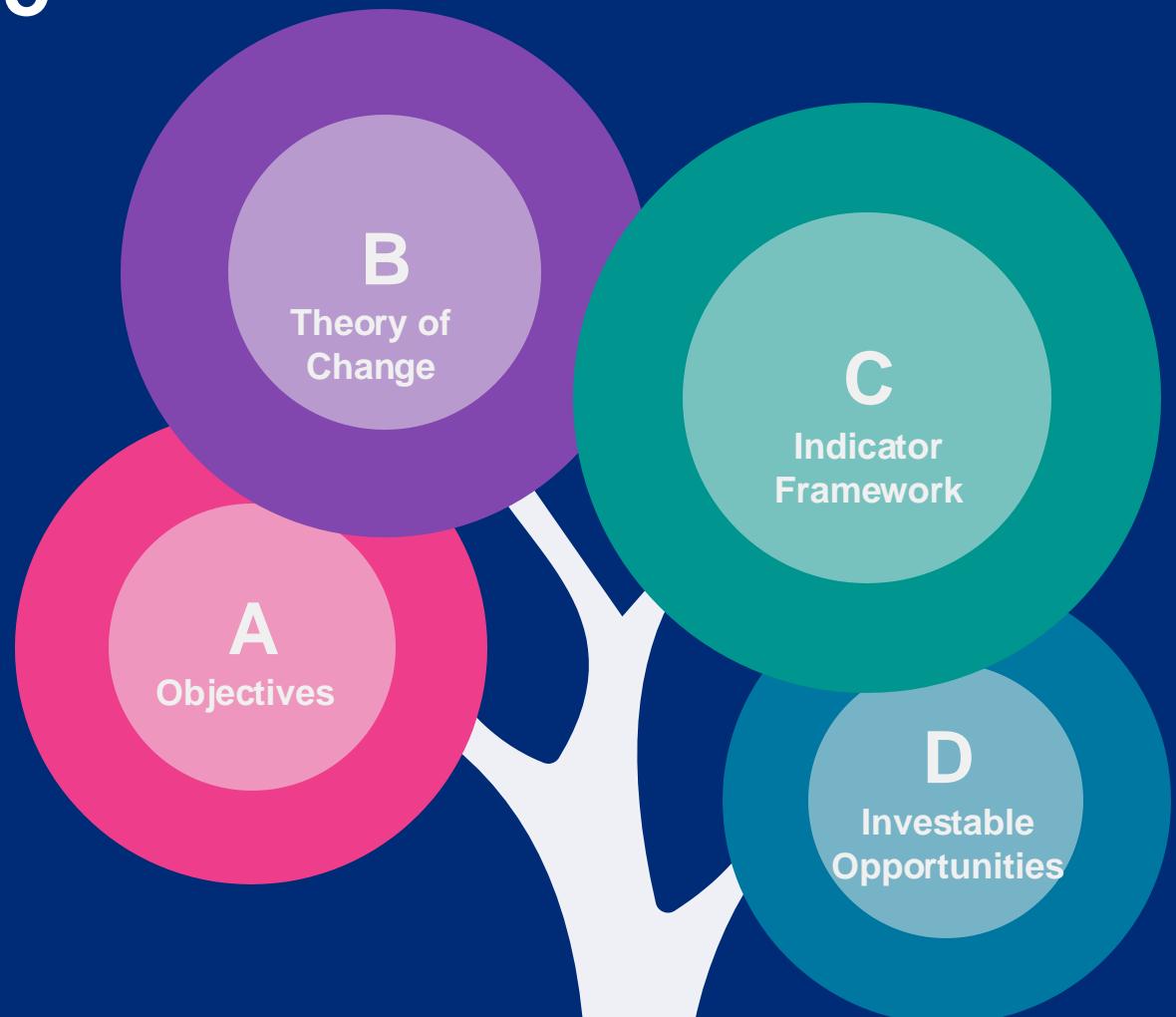
Indicator Framework

Impact KPIs and frameworks (e.g. IRIS+, SDGs, ..)



Investable Opportunities

Private Equity, Infrastructure, Nature



Climate

Renewable Energy

Energy efficiency & smart grids

Green buildings

Sustainable Transport

Nature & Water

Regenerative Agriculture

Water Management

Access to Water

Forestry

Healthcare & Education

Access to healthcare services

Education & skills

Financial Inclusion

Technology

Theory of Change

Tool to translate the long-term impact objectives into short-term investment activities

Inputs & activities	Outputs	Outcomes	Impact
Long-term impact capital <hr/> Private debt Private equity Infrastructure	Solutions we invest in... <hr/>  Sustainable agriculture, fisheries, and forestry	that over time lead to ... <hr/> Land/ water sustainably managed, phase out of chemicals/ GMO, and mass meat production.	with final intent to ... <hr/>  Improve quality and availability of natural resources (water, land)
Manager contribution <hr/> Engagement Exclusion Enhancement	 Sustainable water management	Reducing water pollution, increased availability and access to clean water	 Mitigate climate change
	 Sustainable energy production, distribution, resource efficient alternatives	Phase out of fossil fuel through clean energy consumption, resource efficient buildings, and clean transportation	 Improve access to education and healthcare
	 Responsible access to finance for MSMEs	Job creation, increased income, access to water & sanitation, sustainable smallholder farming	

Tracking Impact KPIs linked to specific themes

With reference to independent recognised standard setters



Key impact metrics (sample)

Impact themes	Impact metrics	IRIS+ (1)	SDGs (2)
Climate change	Renewable energy installed (GW)	PI9448	SDG 7.2 (Renewable energy share in global energy mix)
	Renewable energy generated for sale (GWh)	PI5842 (Energy Generated for Sale: Renewable)	SDG 7.2 (Renewable energy share in global energy mix)
	Greenhouse gas emissions avoided (tCO2e)	PI2764 (GHG Emissions Avoided)	SDG 13 (Climate action)
	Energy savings (MWh)	OI6697 (Energy Conserved)	SDG 7.3 (Improvement in energy efficiency)
Nature and resource stewardship	Waste treated, diverted from landfill (tonnes)	OI2535 (Waste Disposed: Recycled/Reused)	SDG 12.5 (Reducing waste via prevention, reduction, recycling and reuse)
	Sustainable land practices in place (number portfolio companies / assets)	OI1047 (Soil Health Practices)	SDG 2.4. (Sustainable food production systems)
	Water saved (m³)	OI4015 (Water Conserved)	SDG 6.4. (Increase water-use efficiency across sectors)
	Recycled materials used or material disposed through recycling (tonnes)	PI8177 (Non-hazardous Waste Avoided)	SDG 12.5 (Reducing waste via prevention, reduction, recycling and reuse)

Sources: (1) [IRIS Catalog of Metrics | IRIS+ System \(thegiin.org\)](#) (2) [Take Action for the Sustainable Development Goals - United Nations Sustainable Development](#) - Reference for locating the SDG KPI in the list of 170 metrics – the sustainable development goal number, followed, if available, by the metric number in the list for that goal.

Core Objective

Define the impact target

**Impact Themes**

Specify impact area

**Impact Sub-Themes**

Breakdown into concrete area

**Specific Impact KPIs**

Establish key indicators – sample KPIs for illustration purpose

**Primary SDGs**

Link to identified SDGs



Mitigate climate change, protect nature & advance social equity through faith-aligned investments

Climate change

- Efficient Energy
- Renewable & Alternative Energy
- Green buildings
- Sustainable Transport
- Physical resilience/adaptation solutions

- ✓ Avoided emissions (tCO2e)
- ✓ Renewable energy Generation (MWh)
- ✓ Capacity installed (MW)
- ✓ MWh saved/ reduced
- ✓ Storage capacity installed (MW)

**Water & Nature**

- Biodiversity & Natural Capital
- Circular economy
- Water
- Environmental support
- Resource efficiency & waste management
- Pollution prevention & control

- ✓ Water safely managed (m3)
- ✓ Water savings (m3)
- ✓ Wastewater treated (m3)
- ✓ Land reforested/ rewilded (m2)
- ✓ Sustainably managed land (m2)

**Education & Healthcare**

- Education & skills
- Health & Wellbeing
- Digital Inclusion
- Water & sanitation
- Accessible Finance

- ✓ People/ MSMEs previously underserved (%)
- ✓ Number of people with access to quality water
- ✓ Number of people provided access to education



Sample of impact investments



Sustainable Food
Sustainable food supply chains and combatting food waste



Water sustainability
Decrease micropollutants, hormones, and PFAS in water for industry and municipal customers



Sustainable forestry and conservation
Impact forestry in Paraguay



Circular economy
Circular economy player, resource efficiency



Renewable Energy
Small-scale renewable energy production and storage



Energy Transition
Energy transition assets diversified across Europe



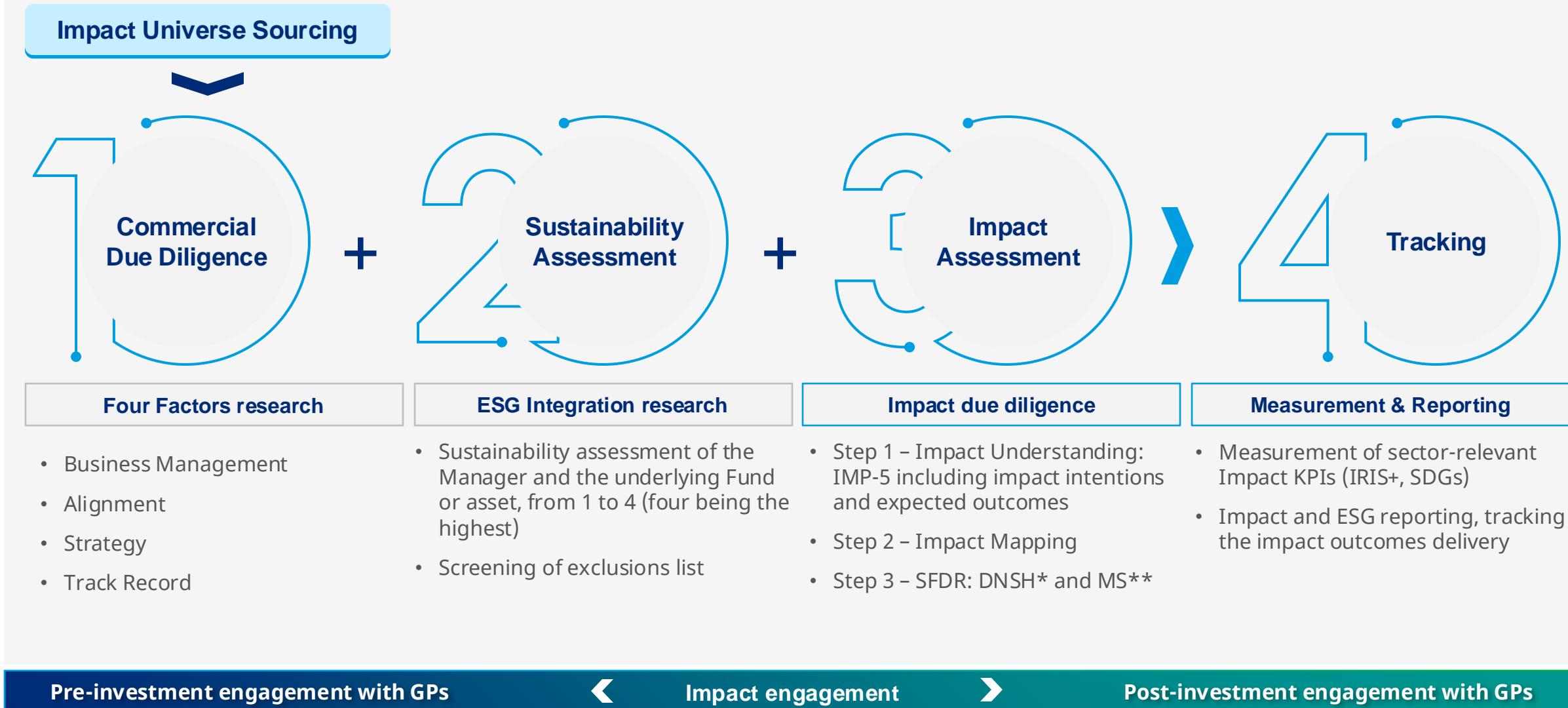
Financial inclusion
Empower low and middle-income consumers and MSMEs

These are random examples of investments Mercer has made through their Impact and Sustainable Solutions. They are for illustration purposes only and are not an investment recommendation.

Zoom into the process



Impact Manager Selection Process



*DNSH: Do No Significant Harm.

**MS: Minimum Safeguards.

Sustainability assessment

The sustainability assessment measures ESG integration through three key drivers



- 01** **Manager Level**
Deep Dive on Governance, Framework, and Policy
- 02** **Strategy Level**
Alignment pre- and post investment
Transparency
- 03** **SFDR**
Alignment with regulatory needs

Impact Assessment

Available for every impact investment



Impact Understanding

Deep Dive with the Impact Frontier 5-Dimensions and 18 sub-dimensions

What is the outcome, is it intended?

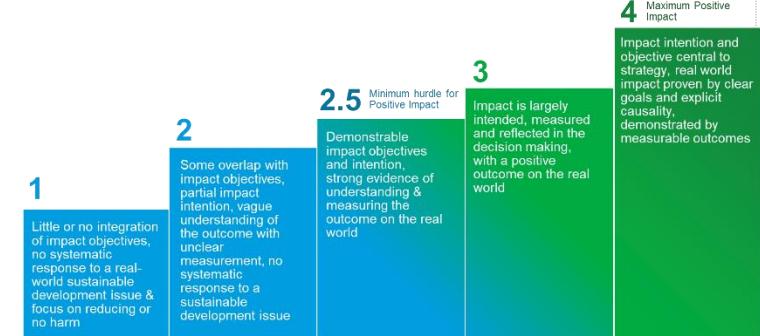
Who is impacted and were they previously underserved?

How much impact is there, is the outcome deep and lasting?

Contribution to the impact.

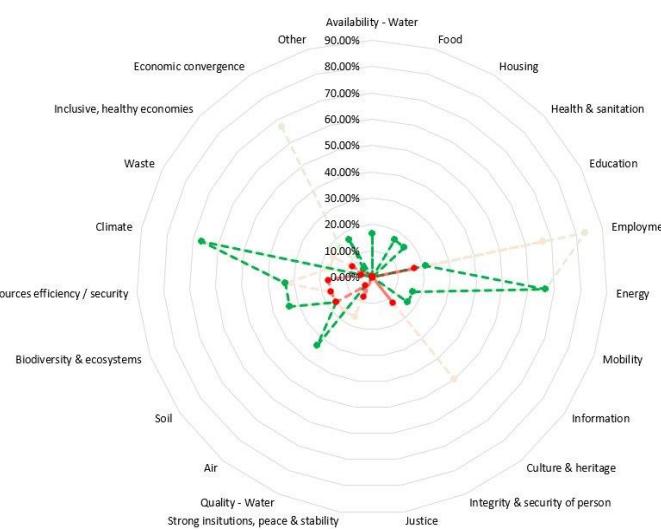
Risk if the impact does not occur as planned.

Impact scoring overview



Impact Mapping

For an in-depth analysis of sectors and assets based on the UNEP-FI Impact Radar tool¹



SDG Contributions



1) This resource was developed using the UNEP FI Impact Mappings [Investment Portfolio Impact Analysis Tool]. UNEP FI was not involved in the design of the resource and the results as well as any associated outcomes and decisions made based on these may not be attributed to UNEP FI nor considered as approved or otherwise certified by UNEP FI.

2) Environmental Finance, December 2024, Mercer did not pay a fee to participate in this award. This award is not indicative of the adviser's future performance.

Engagement, DNSH & MS

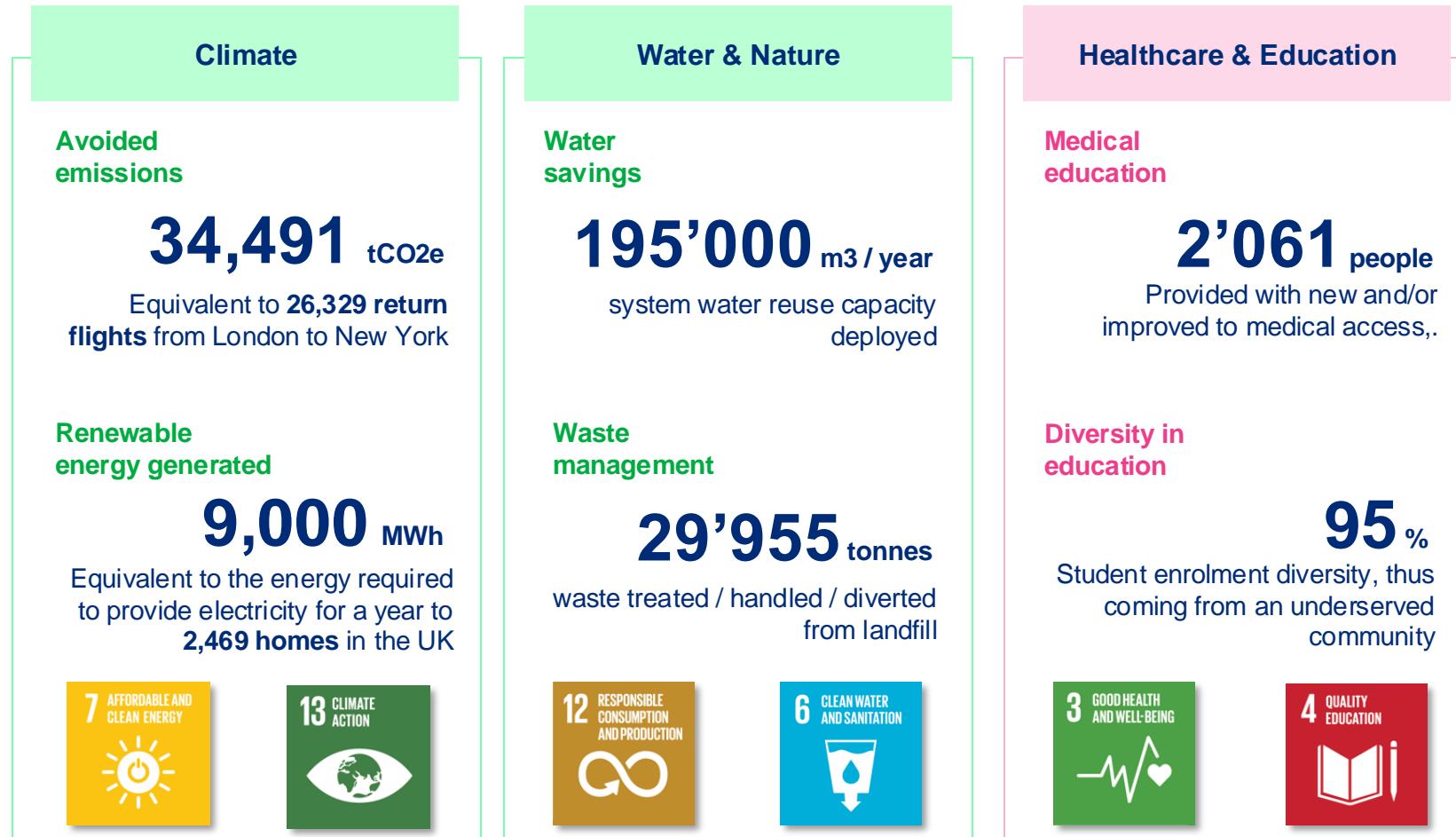
Understanding DNSH & MS, developing with engagement

SFDR : Do No Significant Harm and Minimum Safeguards assessments

DNSH – Environmental indicators Summary			
#	Mandatory PAI indicators	Relevance to investment strategy	Indicators (to be) reported, confirmed by manager
1	GHG Emissions – Scope 1	Yes	Initial Due Diligence & Ongoing Monitoring Yes
1	GHG Emissions – Scope 2	Yes	Initial Due Diligence & Ongoing Monitoring Yes
1	GHG Emissions – Scope 3	No	No
2	Carbon Footprint	Yes	Initial Due Diligence & Ongoing Monitoring Yes
3	GHG Intensity	Yes	Initial Due Diligence & Ongoing Monitoring Yes
4	Exposure to fossil fuel		
5	Non-renewable energy consumption		
5	Non-renewable energy production		
6	Energy consumption intensity per high impact climate sector		
7	Activities negatively affecting biodiversity-sensitive area		
8	Integration of MS in pre-Investment		Yes, the manager conducts an ESG/EHS diligence pre acquisition. Its due diligence approach addresses the ESG/EHS issues that could have a potentially significant impact on the transaction or pose a potential business risk to the Company
7	Integration of MS in ongoing monitoring/holding period		Yes, the Manager will use commercially reasonable efforts to monitor material ESG issues and incorporate any such material issues identified during the due diligence process into our strategic plan post-close, as appropriate
8	Emissions to water		
9	Hazardous waste		
Minimum Safeguards/Good governance Assessment Summary			
Topic	Outcome summary		
Integration of MS in pre-Investment			
Integration of MS in ongoing monitoring/holding period			
Scope of rules – rules/laws considered			
Topics considered in Due Diligence			
The following topics are covered in the due diligence (pre-investment and during holding phase): Human Rights / Corruption / Taxation / Fair Competition			

Impact themes and prioritized impact outcomes

Impact outcomes attributed to the fund



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How to move forward



“There is a need to protect those common areas, visual landmarks and urban landscapes which increase our sense of belonging, of rootedness, of ‘feeling at home’ within a city which includes us and brings us together[...].”

(Pope Francis, Enzyklika Laudato Si)



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