SOCIAL INVESTMENT FRAMEWORK

A Blueprint to Define and Facilitate Social Investments

A Research Paper by:

ACCELERATING IMPACT

LUXFLAG
Supporting Sustainable Finance

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About Accelerating Impact

ACCELERATING IMPACT supports emerging investment managers focused on the Sustainable Development Goals to develop the impact finance leaders of tomorrow.

Accelerating Impact was founded in 2018 as an independent non-profit initiative in the form of a public-private partnership between the Luxembourg State and private entities of the Luxembourg impact finance sector (Arendt & Medernach, Deloitte, Elvinger Hoss, EY, Innpact, Investing for Development, KPMG, LuxFLAG, Opportunity Financial Services, PwC, TIIME and 4Climate). The initiative furthermore collaborates with the European Investment Bank Group and Spuerkeess, Luxembourg's national savings bank.

Accelerating Impact powers the International Climate Finance Accelerator Luxembourg (www.icfa.lu) and the International Social Finance Accelerator Luxembourg (www.isfa.lu). Through these programmes, the initiative offers technical and financial support to impact investment managers in their start-up phase with strong, innovative impact investment strategies in process of fundraising.

About LuxFLAG

LUXFLAG (Luxembourg Finance Labelling Agency) is an independent and international non-profit association created in Luxembourg in July 2006 by seven private - public founding partners to support sustainable finance: ABBL, ADA, ALFI, the European Investment Bank, Luxembourg for Finance, the Luxembourg Stock Exchange, and the Government of Luxembourg. In 2023, ACA has become the eighth Charter Member of LuxFLAG.

LuxFLAG is dedicated to supporting investors on their sustainability journey. LuxFLAG's mission is to bring clarity and transparency to the financial landscape by awarding unique labels designed for global use on eligible financial and insurance products.

LuxFLAG's Labels are tailored for all financial instruments, reflecting their commitment to fostering a more sustainable and responsible world. Their global diverse label portfolio can be classified into: Impact Labels: Microfinance, Environment, Climate Finance, Green Bonds Sustainability Transition Labels: ESG, ESG Insurance Product, ESG Discretionary Mandate.

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- Primera Purpose Advisory
- Ring Capital
- and many others.

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Executive Summary

Accelerating Impact and LuxFLAG, both active actors in impact finance, decided to join forces to develop a stronger foundation to formulate a Social Impact Investing Definition, to launch a related Social Investment Framework, and to nurture the development of social investment products.

This shared definition and framework serves as a cornerstone for advancing our respective activities. Accelerating Impact and LuxFLAG have both witnessed increasing demand for financial products classified as social impact investing and the need for a clear definition.

Both initiatives provide, as part of their mission, support to investment products that focus on achieving measurable social outcomes alongside financial returns. By setting clear standards and providing meaningful recognition, these efforts aim to encourage greater alignment of capital flows with social objectives, driving the growth and legitimacy of the social investing ecosystem.

In recent years, most attention has been focused on tracking and defining environmental and climate finance. This has been driven by a variety of factors, including an increased focus and pressure on financiers and their investees to report on climate impact and increased regulation on sustainability and climate reporting. Climate finance benefits from well-established international commitments and tracking mechanisms, which provide guidelines and standardized metrics for measuring impacts like carbon emissions reductions.

In comparison, the measurement and reporting of social finance are not as developed due to the complexity and diversity of social issues compared to the more narrowly defined environmental metrics. Social finance encompasses a broad range of outcomes, from health and education to social inclusion and poverty alleviation, making it challenging to create uniform measurement standards. Additionally, social impacts are often more qualitative and context-specific, requiring nuanced approaches to capture the full extent of their effects. This complicates the development of consistent reporting frameworks, thus hindering social finance flows.

Our methodology to build a shared definition and framework involved a review of prior work, comprehensive literature review and research, the creation of the framework, consultations with practitioners to elicit feedback, and finally dissemination of the research (see chapter 2). This approach ensured that our framework not only integrates theoretical insights but also addresses practical considerations and challenges on the ground, paving the way for a more cohesive approach to determining our Social Impact Investing Definition and creating a Social Investment Framework.

Considering a growing dialogue on existing social inequalities and a growing recognition of the need to address the social implications of the ongoing transition to a low-carbon economy, social impact investing is experiencing rising demand and interest, as evidenced by several emerging trends. Notable among these are the development of new financial instruments designed for social impact investing, a proliferation of funds with a social lens, increasing investment volumes in the field, and rising interest from institutional investors in allocating portions of their portfolios to impact investments (see chapter 3).

To increase credibility and boost investment into the social impact finance sector, greater clarity around a shared definition and a standardized categorisation of activities would be beneficial. We propose the following definition for Social Impact Investing (see chapter 4):

Our Social Impact Investing Definition

Social Impact Investing is the financing of social activities made with the intention to generate measured and managed substantial positive impact, while avoiding or mitigating negative impact, alongside a financial return.

Social activities include those that promote access to or whose objective is to promote decent work across the value-chain, adequate living standards and wellbeing, and/or inclusive and sustainable communities.

In this proposed definition, we include key terms such as eligible social activities, intentionality, measurability and transparency, substantial positive impact (implicitly including target populations and additionality), negative impacts (covering exclusions and minimum safeguards), and financial return (see section 4.1).

We provide with greater detail around our rationale to include each of the key terms in our definition (see section 4.2) as well as the alignment with other frameworks' definition (see section 4.3).

While many activities may yield incremental or modest social benefits, achieving true transformation requires a Substantial Impact. This means that any activity should specifically target an unmet need experienced by a population group or deliver significant benefits to the broader population through its product or service (see chapter 5).

Given the variability in qualifications that define what constitutes a substantial impact, we have further elaborated on the concept in our research paper (see section 5.1).

At a fundamental level, eligible social investment must address an unmet need in line with the Availability, Accessibility, Acceptability, and Quality (AAAQ) Toolbox (Danish Institute for Human Right, n.d.) by providing a good or service that is otherwise unavailable, reducing barriers to accessing a good or service, increasing the individual and cultural acceptability of a good or service, and/or increasing the quality of a good or service (see section 5.2).

Furthermore, certain social activities may have a positive impact when directed at specific population groups, yet the same activities might offer limited benefits in addressing the needs of other groups. This underscores the critical importance of defining Target Population accurately (see section 5.3).

As part of the framework, we mapped out which social activities various market practitioners qualify as eligible (see chapter 6). We chose to adhere to the proposed EU Social Taxonomy structure (Platform on Sustainable Finance, 2023) by categorizing these activities in the three following themes:

- Decent Work across the Value-Chain,
- Adequate Living Standards and Wellbeing, and
- Inclusive and Sustainable Communities.

For each theme, we share a list of example activities that would qualify under Social Impact Investing in sections 6.1, 6.2, and 6.3. These non-exhaustive lists of activities were identified during our review of existing frameworks, taxonomies, and financial products, and categorized in the proposed themes and sub-themes. The table on the next page also highlights this categorization at a higher level.

To consider the potential negative impact of any Social Impact Investing activity and to ensure adherence to social and environmental standards, we also set out suggested lists of Excluded Activities (see section 7.1) as well as Minimum Safeguards (see section 7.2). Similarly, these lists were based on extensive review of existing frameworks. These are also included in the table on the next page.

The following table provides a concise yet comprehensive picture of the Social Investment Framework.

SOCIAL INVESTMENT FRAMEWORK

Eligible Activities

Themes	Sub-Themes
Decent Work across the Value-chain	Access to quality education
	Equitable access to employment, entrepreneurship, and remuneration
	Access to rights and protections at work
	Supporting workers in a green and just transition
Adequate Living Standards and Wellbeing	Access to quality healthcare
	Access to affordable housing and energy
	Food security and sustainable food systems
	Access to clean water and sanitation
	Access to safe, affordable, convenient, and effective financial services
	Access to affordable and functional economic infrastructure
Inclusive and Sustainable Communities	Social inclusion, diversity, and gender equality
	Access to social services and support
	Access to and preservation of culture

Exclusions & Safeguards

Exclusions

Activities prohibited by legal instruments	Controversial weapons and munitions	Minerals (conflict minerals / deep sea mining)
Adult entertainment	Conventional weapons and munitions	Nuclear power generation
Alcohol	Electricity generation with more than 100g CO2e/kWh GHG	Palm oil from pre-1994 plantations
Asbestos fibres (unbonded)	Fossil fuels	Pharmaceuticals subject to phase outs or bans
Coal (hard coal and lignite)	Gambling, casinos, and equivalent	Radioactive materials
Cloning / gene editing of animals	Indigenous land	Tobacco
Controversial jurisdictions	Land use based on deforested land	Unsustainable fishing

Minimum Safeguards

IFC's Performance Standards on Environmental and Social Sustainability
ILO Declaration on Fundamental Principles and Rights at Work
International Bill of Human Rights
OECD Guidelines for Multinational Enterprises
UN Guiding Principles on Business and Human Rights

1 INTRODUCTION

Accelerating Impact Finance Luxembourg SARL-SIS ("Accelerating Impact"), formerly known as ICFA Luxembourg, and the **Luxembourg Finance Labelling Agency ASBL ("LuxFLAG")**, both active actors in impact finance, decided to join forces to develop a stronger foundation to define Social Impact Investing, to launch a related Social Investment Framework, and to nurture the development of social investment products.

This shared definition and framework, as outlined in this paper, serves as a cornerstone for advancing our respective activities. We have both witnessed increasing demand for financial products classified as social impact investing and the need for a clear definition. Accelerating Impact saw an increasing need for support by emerging managers seeking to launch social impact investment funds and sought to replicate its success with the International Climate Finance Accelerator[1], a programme that has mobilized over USD 490 million (as at Dec-2024) to be invested in innovative, high-impact climate solutions by emerging managers. After successfully developing and launching other labels[2], including but not limited to Microfinance, LuxFLAG identified a need for a similar label focused on Social Impact to strengthen the credibility of social financial products and disseminate best practices across its community of financial product originators.

Both initiatives provide, as part of their mission, support to investment products that focus on achieving measurable social outcomes alongside financial returns. By setting clear standards and providing meaningful recognition, these efforts aim to encourage greater alignment of capital flows with social objectives, driving the growth and legitimacy of the social investing ecosystem.

For the benefit of the wider impact finance ecosystem, we have published this Social Investment Framework, which includes definition of social impact investing, a non-exhaustive list of eligible activities, a suggested list of exclusions, and minimum safeguards, under a Creative Commons license, free to use, distribute, and adapt.

[1] For more information, please refer to https://www.icfa.lu/

[2] For more information, please refer to: https://luxflag.org/what-we-do/labels/

2 METHODOLOGY

2.1 PRIOR WORK

Both Accelerating Impact and LuxFLAG had undertaken preliminary work, which has been incorporated into this process.

Accelerating Impact collaborated with Ernst & Young Luxembourg in 2023 on the 'Feasibility Study of a Social Impact Fund Accelerator', commissioned by the Luxembourg Ministry of Finance and Luxembourg Ministry of Foreign and European Affairs, Defence, Development Cooperation and Foreign Trade. The objective of this market analysis was to understand the trends for social impact private debt and equity funds, identify investors preferences and existing opportunities and challenges, providing an up-to date vision of development potential and outlook for social impact private capital funds. This prior research concluded to the significant potential of a 'social impact fund accelerator' as an initiative capable of driving positive impact in Luxembourg and globally. Accelerating Impact furthermore held a series of internal working meetings to further refine this concept with its expertise, which ultimately led to the launch of the International Social Finance Accelerator programme ("ISFA") in Sep-2024.

LuxFLAG also conducted an internal feasibility study on the LuxFLAG Social Impact Label Eligibility Criteria seeking to define and propose eligibility criteria for a new label dedicated to Social Impact. LuxFLAG established a Working Group for a Social Impact Label in June 2023 to discuss the emerging label and eligibility criteria, which led to the launch of the Social Impact Label.

2.2 RESEARCH

We engaged in a comprehensive research process to define Social Impact Investing and to create the Social Investment Framework presented in this paper.

To guide this process, we adopted a multi-phased approach involving primary and secondary research, including:

- A desk-based review of relevant literature (including academic papers, reports, and industry publications) regarding social (impact) finance definitions, taxonomies, regulations, and certifications.
- A desk-based deep-dive into the landscape of social financial products, which included reviewing internal databases as well as publicly available information on asset managers' / bond issuers' websites and other external websites.
- A detailed review of internal documents and consultations between Accelerating Impact and LuxFLAG.

2.3 Creation of a Social Investment Framework

Following the research phase, we moved towards building the Social Investment Framework and assessing it with market practitioners.

The goal was to create a comprehensive framework that is both practical and adaptable, offering a clear structure for stakeholders to engage in social impact investing. Our framework incorporates the insights gained during the research phase, ensuring it reflects both theoretical and practical considerations.

A key aspect of this phase was the development and clarification of essential concepts and terms that are central to social impact investing, such as intentionality, impact measurement, substantial impact, and financial returns. By defining these terms, we aim to create a shared understanding of the concepts for our counterparties, but also to help foster better alignment among all actors in the field.

Consultations were conducted to share our preliminary findings, our proposed definition, and our proposed framework. The aim was to solicit feedback from practitioners to enhance our proposed definition and framework. We approached investors, fund managers, non-profits, and policymakers as part of this process. The insights that emerged from these interactions were incorporated into the framework presented in this paper, to reflect the needs expressed by different stakeholders.

2.4 Dissemination and Collaboration

As the culmination of this research, this paper is published under the Creative Commons license to allow all market participants to utilize the findings and related research, free to use, distribute, and adapt. However, please note that the use of Accelerating Impact's or LuxFLAG's name for any purpose other than for attribution, and the use of Accelerating Impact's and LuxFLAG's logos are subject to a separate written license agreement between Accelerating Impact and LuxFLAG and the user and is not authorized as part of this Creative Commons CC BY license.

With the framework now established, we will continue to engage in collaborative efforts with other ecosystem participants to test the framework further in real-world scenarios. Our aim is not only to nurture the creation of a dynamic, collaborative process that not only continues to develop the Social Investment Framework, but also foster broader understanding and implementation of Social Impact Investing.

3 Market Trends

In recent years, most attention has been focused on tracking and defining environmental and climate finance. This has been driven by a variety of factors, including an increased focus and pressure on financiers and their investees to report on climate impact and increased regulation on sustainability and climate reporting. Climate finance benefits from well-established international commitments and tracking mechanisms, which provide guidelines and standardized metrics for measuring impacts like carbon emissions reductions.

In comparison, the measurement and reporting of social finance are not as developed due to the complexity and diversity of social issues compared to the more narrowly defined environmental metrics. Social finance encompasses a broad range of outcomes, from health and education to social inclusion and poverty alleviation, making it challenging to create uniform measurement standards. Additionally, social impacts are often more qualitative and context-specific, requiring nuanced approaches to capture the full extent of their effects. This complicates the development of consistent reporting frameworks, thus hindering social finance flows.

To understand the current market depth, we reviewed numerous collections and datasets to identify financial products with a social lens, noting that there is no comprehensive database encompassing all social finance funds. The data sets we reviewed included:

- LuxFLAG analysis shows 924 funds listed globally integrating social characteristics.
- LuxFLAG analysis shows 829 impact funds (181 climate and energy, 138 MFI).
- 2X Project Catalyst (2024): 175 Gender Lens Investing Funds.
- GIIN (2023): 308 investors surveyed.
- University of Oxford, Government Outcomes Lab (2024): 248 Impact Bonds + 24 Outcomes Based Funds
- Impact Investor (2023): 2,235 impact funds listed.
- Luxembourg Registered Article 9 Funds (PwC, 2023): 477 funds in Luxembourg.
- Climate Bonds Initiative (2023): 1,724 socially aligned deals reviewed in 2023.

Building on these datasets, along with additional research through fund manager websites and other online resources, we conducted an in-depth analysis of a subset of funds to gain a deeper understanding of the demographics within the social finance sector.

Despite receiving less attention in recent years, there is nevertheless a rising demand for and interest in social investments as evidenced by several emerging trends, including:

- **Development of new financial instruments:** New financial instruments designed for social impact, such as social impact bonds and impact-linked loans, have seen substantial growth, demonstrating investor appetite for sustainability-oriented investments.
- **Increasing investment volumes:** Investments with a social lens have been rising in recent years. The heterogeneity of the sector makes it difficult to arrive at an exact growth rate, but examples include: a 15% annual growth rate in French corporate pension plans (*Plan Epargne Entreprise*) with a social lens, currently exceeding EUR 30 bn (FAIR, 2023). "The issuance of social bonds, for instance, reached $149.4 billion in 2020, showing an extraordinary growth of 720% compared to 2019" (German Development Institute, 2021). On the Luxembourg Stock exchange, 169 outstanding gender-focused bonds were on the market as of February 2023 (LuxSE, 2024).
- **Proliferation of dedicated funds:** The number of dedicated impact investment funds has grown rapidly. For example, research by the GIIN in 2022 identified over 1,720 impact investment funds worldwide, compared to "a few hundred" a decade ago (GIIN, 2022).
- **Rising Interest from Institutional Investors:** Major institutional investors, including pension funds, endowments, and insurance companies, have increasingly allocated portions of their portfolios to impact investments. For example, the TIAA-CREF Social Choice Bond Fund (TIIA, n.d.) and the CalPERS California Initiative (CalPERS, n.d.) are large-scale institutional efforts in impact investing.
- **Increased focus on inequities:** Considering recent global events, including Covid-19, ongoing conflicts, and social movements like 'Black Lives Matter' and 'MeToo', there is a growing dialogue around existing social inequities, as well as the link between social factors and economic growth. For example, over 70 million people returned to extreme poverty in 2020, the single largest rise since the statistic has been gathered (World Bank, 2022). At the same time, there is growing recognition of the need to address the social implications of the transition to a low-carbon economy (IPE & Impact Investor, n.d.).

Despite the positive trends, there are several gaps and challenges in scaling Social Impact Investing:

- **Challenge to clearly define:** Social investment is often fragmented across various social issues, making it harder to aggregate and compare directly. For example, a recent BNP study highlighted that 46% of investors surveyed found the social aspect of ESG to be the most difficult to analyse and embed in their investment strategies (BNP Paribas, 2019). Despite strong demand, there is a notable lack of guidance for fund managers and investors to clearly define and understand what constitutes a social investment (FEBEA, et al., 2024).

- **Challenge to clearly measure:** Furthermore, measuring social metrics, specifically non-quantitative indicators, is more time-consuming than environmental metrics (FEBEA, et al., 2024).
- **Need for increased funding:** There is also still a large gap in funding. Despite the rising interest and needs, "Social SDGs currently receive the lowest levels of funding compared to other development goals" (HLEG on Scaling up Sustainable Finance in LMI Countries, 2024). According to the European Commission, the funding gap in Europe alone is estimated at over EUR 1 billion per year (European Commission, 2021). Meanwhile, the "estimated funding gap for extending a social protection floor for all people in developing countries is estimated to be about USD 1.2 trillion" (HLEG, 2024). However, other estimates propose the gap is even wider, with the report from the High-Level Task Force on Investing in Social Infrastructure estimates a gap of over EUR 1.5 trillion.

To drive increased credibility and investment into the social investment sector, increased clarity around a definition as well as certification of funds which meet these criteria is required. In fact, the report "Europe Needs to Mobilise Capital for Social Investment" (FEBEA, et al., 2024) also highlighted the need for the EU Sustainable Finance Framework to provide clear definitions and guidelines for social investments. This includes establishing definitions for social investments and mapping existing activities that would fit within the framework.

Through this joint initiative of defining Social Impact Investing and building a Social Investment Framework, Accelerating Impact and LuxFLAG aim to support the growth, formalization, and harmonization of the social investment sector.

4 Defining Social Impact Investing

4.1 Our Definition

Our Social Impact Investing Definition

Social Impact Investing is the financing of social activities made with the intention to generate measured and managed substantial positive impact, while avoiding or mitigating negative impact, alongside a financial return.

Social activities include those that promote access to or whose objective is to promote decent work across the value-chain, adequate living standards and wellbeing, and/or inclusive and sustainable communities.

4.2 Key Concepts embedded in our Definition

Our definition incorporates key concepts from various frameworks (see section 11.1), including impact, intentionality, financial returns, measurability, transparency, etc. which are further explained in the table below:

Concept	Analysis of Existing Literature[3]	Treatment into Our Proposed Definition
Eligible social activities	There is substantial variation across sources in how (illustrative) eligible activities are explained. In some instances, a high-level list is included in the definition. In others, the list of activities is a separate table. In select instances, the list of activities is used in lieu of a definition.	In the proposed definition, "social activities" is included at the beginning to cover the relevant themes, with the rest of our definition to focus on impact investing. These broad themes are included as a separate sentence with greater detail provided in a non-exhaustive list of example activities as part of the Social Investment Framework. Please see chapter 6 for the detailed list.
Intentionality	Most of the definitions analysed emphasize the importance of clear, ex-ante intentionality in achieving a (social) impact.	"Intentionality" has been incorporated into our definition as the " intention to generate ... impact".
Measurability, transparency, and reporting	Most definitions refer to the importance of measuring and reporting on impact as a key defining feature. Measurable impact refers to the ability to quantify, assess, and report the outcomes using	Our definition aligned with an explicit mention of "measured and managed ... impact". It is important to note the distinction between "measured" vs. "measurable" and "managed" vs.

[3] For a detailed breakdown of all the definitions analysed, please refer to the section 11.1, where each definition is outlined individually.

	recognized frameworks and methodologies (LuxFLAG, 2025). Only the "5 Ws of Impact Investing" position paper (European Impact Investing Consortium, 2024) included an explicit mention of managing impact, which is essential for effective evaluation and decision-making.	"manageable". As it is not the ability to, but the act that matters.
Substantial impact, target populations, additionality	Two of the definitions include express references to the target population, while several others refer in other parts of the document. The concept of additionality is interpreted in many ways depending on the framework. The "5 Ws of Impact Investing" position paper (European Impact Investing Consortium, 2024) offers an interesting approach by distinguishing Impact Investing and Additional Impact Investing based on investor contributions.	In the proposed definition, the "substantial impact" implies that the activity should either create significant impact for a vulnerable group and/or that the product / service must create broad impact by targeting the general population. The concept of "additionality" is not explicitly included in our definition as we focus on the contributions of the activities, not the investors. We leave impact investing open to different investor types, depending on their modes of action. A deeper discussion on the concept of substantial impact is explored in chapter 5.
Negative impact, exclusions, and safeguards	While only one of the definitions mentions any safeguards or exclusions in the brief definition (EU SFDR), several of the other documents include details in accompanying exhibits.	By including "avoiding or mitigating negative impact", our definition creates a direct link with exclusions and minimum safeguards. A proposed list of exclusions and safeguards are outlined within our Framework and detailed in sections 7.1 and 7.2. Additional information from other sources can be found in section 11.4.
Financial return	To differentiate impact finance from philanthropic giving and to clearly indicate the types of products and asset managers that may be eligible, several definitions specify whether financial returns are expected and, if so, how those returns should be utilized.	While we included "financial return" like most other sources, we did not specify thresholds or expectations on the financial return. The expectation to receive a future capital flow creates key considerations for an investor, which do not necessarily feature for charitable / non-reimbursable grants (such as country risk, foreign exchange risks, reporting and governance mechanisms to monitor and account for capital flows). We believe a financial return could be adapted ranging from partial capital recuperation to market-rate returns.

		We would highlight the importance of client protection principles (Cerise+SPTF, 2022) by setting a responsible return.

4.3 Aligning our Definition with Existing Frameworks

As part of our process to define Social Impact Investing, we wanted to ensure alignment with existing frameworks. To do so, we reviewed various initiatives focused on defining, tracking, and/or certifying social finance (and related terms). Understanding these sources was a crucial first step in developing a cohesive definition of social impact investing and establishing a corresponding framework. Reviewing industry examples provided valuable insights, promoted interoperability, and supported the creation of a unified definition and framework. The sources considered are presented in the table below, with further details available in section 11.1.

Labels & Certifications	Working Groups & Memberships	Taxonomies & Frameworks	Regulations & Disclosures
▪ FINANces SOLidaires (Finansol) Label ▪ European Social Entrepreneurship Fund (EuSEF) Label ▪ LuxFLAG Social Impact Label	▪ The Taskforce on Inequality and Social-related Financial Disclosures (TISFD) ▪ European Commission's HLEG on scaling up sustainable finance in low- and middle-income countries ▪ European Impact Investing Consortium's 5W of Impact Investing	▪ Final Report on Social Taxonomy by EU Platform on Sustainable Finance ▪ The Luxembourg Sustainable Bonds Framework ▪ ICMA's Social Bonds Principles ▪ IISD's Principles-Based Social Taxonomy for Sustainable Investing ▪ UN SDG Taxonomy ▪ III's Just Transition Criteria ▪ GIIN's Guidance on Listed Equities ▪ European Social Fund Plus (ESF+) ▪ European Pillar of Social Rights ▪ Cerise+SPTF's Universal Standards for Social and Environmental Performance Management	▪ EU's Sustainable Finance Disclosure Regulation (SFDR) ▪ UK's Sustainability Disclosure Requirements (SDR)

5 SUBSTANTIAL IMPACT

Our definition of Social Impact Investing specifies that financed activities must have "substantial impact". However, the substantiality of any result varies significantly depending on a range of factors, including beneficiary population, scale, etc. Given the variability in qualifications that determine whether an impact is substantial, our framework applies the following logic when making this determination.

5.1 DEFINING SUBSTANTIAL IMPACT

While many activities may have incremental or small social benefits, for something to be truly transformative, it must have a 'substantial impact'. Both the EU Taxonomy (referred to in the Final Report on Social Taxonomy by EU Platform on Sustainable Finance) and IISD's Principles-Based Social Taxonomy provide guidance how to determine a social activity would meet the conditions to be considered 'substantial'. Combining these two, we propose a consolidated framework for evaluating whether an activity has substantial impact.

Contribution Type	Activities	Condition for Substantial Contribution
Enhancing the inherent positive impacts of: (i) social goods and services; and (ii) basic economic infrastructure	Activities that target (i) social goods and services that provide basic human needs; and (ii) basic economic infrastructure of direct relevance to the right to an adequate standard of living	Substantial contribution applies to activities where – and population groups for whom – basic human needs are not secured or where it might be difficult to meet these needs. Capital flows targeting to situations where goods and services for basic human needs and basic economic infrastructure: (i) are not met; (ii) are not accessible to certain target groups; or (iii) are in danger of not being met in the future.
Avoiding and addressing negative social impact	Activities that target (i) high-risk sectors with human-rights and labour-rights abuses of relevance to the objective; or (ii) sectors that are less likely to directly contribute to social objectives	Substantial contribution for avoiding and addressing negative impacts must exceed minimum standards or 'business as usual'. The substantial-contribution criteria are therefore for activities directed at target populations, (i) that are credible; (ii) that are best-in-class in terms of the design and implementation of human-rights due diligence or risk-management processes; and (iii) that generate meaningful human-rights outcomes for stakeholders.

5.2 AVAILABILITY, ACCESSIBILITY, ACCEPTABILITY AND QUALITY (AAAQ)

At a fundamental level, the impact of a social activity is 'substantial' when it addresses a previously unmet need for a specific target population. The Availability, Accessibility, Acceptability, and Quality Toolbox provides a framework for how to assess need in this way.

Originally developed by the World Health Organization for the healthcare sector (WHO, 2023), the AAAQ Toolbox was introduced to the water sector by the Danish Institute for Human Rights (DIHR, n.d.) and has been also applied to the humanitarian field by UNICEF (2019), with a particular focus on addressing the needs of women and girls.

The AAAQ Toolbox seeks to operationalize international human rights, emphasizing economic, social, and cultural rights. It provides a structured framework to translate these obligations into practical standards, measurable indicators, and actionable benchmarks.

In line with the International Covenant on Economic, Social and Cultural Rights (UN Human Rights, 2022), the AAAQ Toolbox categorizes these rights into four core criteria:

1. **Availability:** This criterion focuses on the existence of the service. In the case of Water for the Danish Institute, it ensures that basic services such as water are physically accessible to the population.
2. **Accessibility:** This criterion addresses the extent to which services are accessible physically, financially, administratively, and socially, ensuring that no barriers prevent individuals from using them.
3. **Acceptability:** This criterion emphasizes that services should respect individual and cultural values. It also ensures sensitivity toward minorities and communities, as well as acceptance from consumers.
4. **Quality:** This criterion ensures that service providers possess the necessary skills and training to deliver services to high quality standards. For example, in the case of water, it includes aspects such as proper treatment, control, and the quality of infrastructure.

The Social Investment Framework's assessment of substantial impact is articulated around these core concepts, ensuring that products and services are pertinent for a target population, and allow for validation of substantial impact along the AAAQ Toolbox's principles.

An eligible social investment must address an unmet need in line with these principles, i.e. by 1) providing a good or service that is otherwise unavailable, 2) reducing barriers to accessing a good or service, 3) increasing the individual and cultural acceptability of a good or service, and/or 4) increasing the quality of a good or service. A need is fully met when all four criteria are fulfilled.

5.3 Target Population

Target population can refer to geographic and sociodemographic groups, as well as other characteristics that might differentiate a group of individuals from a general population (immigration, housing, employment status, climate exposure, etc.) Social impact is highly contextual to the unique needs and challenges experienced by different population groups in different regions. As such, the determination of substantial impact of any activity, in accordance with the AAAQ Toolbox, must be done at the level of the target population. This is because certain social activities can be considered to have a positive impact when provided to certain population groups, while the same activities might not contribute much to solving the needs of other population groups.

Priority populations are referenced across various taxonomies and frameworks. For example, Finansol, the Luxembourg Social Bond Framework, and the ICMA Social Bonds Principles include separate lists of priority populations. Many others include references to target beneficiaries in certain activities, for example the EU's Pillars of Social Rights referring to "childcare and support to children" or IISD referencing "gender empowerment."

As such, we deem it essential to link a target population to the eligible activities to shape the context and explain whether an activity would generate substantial positive impact or would merely be aligned with the local status quo.

Examples of target populations, mentioned across various sources can be found in the below table.

Target Population (non-exhaustive)
Caregivers
Children & youth
Communities at high climate risk
LGBTQ+ populations
Migrants, asylum seekers, refugees
People living in poverty
People who are differently abled
People who are unemployed or in precarious jobs
People who do not have housing or are in precarious housing
People who have been victims of crime or abuse
People with illnesses (mental and physical)
Racial & ethnic minorities
Rural households & communities
Single parent families
The elderly
Undereducated
Vulnerable, marginalised, disadvantaged or excluded persons
Women and other gender minorities

6 Social Activities

An extensive review of various frameworks, standards, and taxonomies was undertaken (see section 11.2). Based on the consulted frameworks, we opted to adhere to the proposed EU Social Taxonomy structure[4], which categorizes social investments along three themes, to which we made minor adjustments in the wording. We included sub-themes of activities that we considered most appropriate within each theme:

Theme 1: Decent Work across the Value-chain

- access to quality education.
- equitable access to employment, entrepreneurship, and remuneration.
- access to rights and protections in work.
- supporting workers in green and just transition.

Theme 2: Adequate Living Standards and Wellbeing

- access to quality healthcare.
- access to affordable housing and energy.
- food security and sustainable food systems.
- access to clean water and sanitation.
- access to safe, affordable, convenient, and effective financial services.
- access to affordable and functional economic infrastructure.

Theme 3: Inclusive and Sustainable Communities

- social inclusion, diversity, and gender equality.
- access to social services and support.
- access to and preservation of culture.

Given the importance of selecting social objectives based on broad consensus, we highlight how each activity aligns, at a high level, with one or more United Nations Sustainable Development Goals (UN SDGs) in section 11.3.

Below you will find the non-exhaustive list of social activities eligible for classification as part of the Social Investment Framework, based on the comprehensive review of relevant literature, theories, models, best practices, frameworks, and taxonomies.

[4] As outlined in the Final Report on Social Taxonomy by EU Platform on Sustainable Finance.

6.1 Theme 1: Decent Work across the Value-chain

Sub-Theme	Examples of activities
1.1 Access to quality education	• Access to primary and secondary education • Access to post-secondary, tertiary, and vocational training • Access to lifelong learning • Extending educational capacities • Improving the quality of the existing educational infrastructure and equipment • In-workplace training
1.2 Equitable access to employment, entrepreneurship, and remuneration	• Employment generation and retention initiatives • Creating and preserving decent jobs • Support to the SMEs in the event of extreme events (e.g. natural disaster, extreme weather events, public health disaster, …) • Access to employment for people who are far removed from it or who live in vulnerable areas • Increasing farmer income share in outgrower schemes and/or ensuring fair and timely payments • Supporting entrepreneurship for marginalized or disadvantaged populations • Access to employee leadership programs for historically marginalized or excluded workers
1.3 Access to rights and protections in work	• Providing grievance mechanisms and prevention of harassment/ discrimination • Health and safety compliance (consideration for dangerous working conditions for contractors)
1.4 Supporting workers in green and just transition	• Creating and preserving decent jobs as part of a just, green transition • Retaining and reskilling workers who have lost work due climate change and/or green transition • Fairly distributing the benefits of biodiversity and natural capital amongst societies and communities

6.2 Theme 2: Adequate Living Standards and Wellbeing

Sub-Theme	Examples of activities
2.1 Access to quality healthcare	▪ Developing or distributing healthcare products ▪ Extending healthcare capacities ▪ Improving the quality of the existing healthcare facilities ▪ Healthcare logistics services ▪ Providing access to healthcare services ▪ Providing access to disease prevention and management services ▪ Providing access to mental health services ▪ Providing health education and awareness ▪ Technology innovation and promotion of healthcare
2.2 Access to affordable housing and energy	▪ Extending the social and affordable housing supply ▪ Providing access to reliable and affordable energy ▪ Improving the quality of the existing social and affordable housing facilities ▪ Facilitating access to housing and ownership
2.3 Food security and sustainable food systems	▪ Access to healthy and nutritious and sufficient food supply ▪ Addressing food waste ▪ Supporting farmers ▪ Supporting resilient agriculture production & processing ▪ Supporting resilient agriculture logistics, trade & retail ▪ Supporting innovations on improved agricultural productivity and resilience
2.4 Access to clean water and sanitation	▪ Access to good-quality drinking water ▪ Access to sanitation services ▪ Water & sanitation infrastructure development ▪ Water & sanitation infrastructure maintenance ▪ Access to menstrual hygiene products ▪ Access to WASH education and awareness
2.5 Access to safe, affordable, convenient, and effective financial services	▪ Access to banking services (banking, savings, credit, money transfers, etc.) ▪ Access to insurance services ▪ Access to pension ▪ Promoting financial literacy
2.6 Access to affordable and functional economic infrastructure	▪ Access to transport ▪ Facilitating and supporting mobility ▪ Access to telecommunications ▪ Access to internet and digital infrastructure ▪ Access to electricity for vulnerable or remote populations ▪ Access to clean cooking ▪ Access to green and public spaces

6.3 Theme 3: Inclusive and Sustainable Communities

Sub-Theme	Examples of activities
3.1 Social inclusion, diversity, and gender equality	▪ Improving physical safety and addressing violence against vulnerable groups ▪ Inclusion of people with disabilities ▪ Addressing recognised gender gaps in communities and society ▪ Having a transformative impact on gender equality and time savings for women (e.g. design features of mobility projects, access to finance for female entrepreneurs) ▪ Reducing inequalities of previously excluded or marginalized groups ▪ Addressing and promoting human rights ▪ National and international solidarity organisations working in the humanitarian field or for the common good
3.2 Access to social services and support	▪ Access to childcare services ▪ Access to caregiving services ▪ Access to support services for children ▪ Assistance and/or adaptation for elderly or differently abled individuals ▪ Access to long-term care ▪ Access to social services for all, including marginalized or vulnerable populations
3.3 Access to and preservation of culture	▪ Preservation of cultural heritage ▪ Supporting culture and the arts ▪ Reducing cultural inequalities

7 Exclusions and Safeguards

7.1 Exclusions

The proposed exclusion list for the Social Investment Framework identifies sectors and activities that are fundamentally opposed or harmful to social objectives. This list is a composite of the exclusions found in other frameworks, standards, and taxonomies reviewed; please review section 11.4 for the mapping as well as the respective documents for more details on the proposed exclusion.

This list may include activities that could also include positive attributes, such as strong worker-related performance. Additionally, revenue thresholds have been included to account for ancillary activities that do not serve as key revenue drivers.

Note that the verification of excluded activities and exclusionary criteria is limited to available data and verification. We encourage investors to define more precisely their investment strategy their policies, as well as their target sectors, and to adopt exclusions that are adapted and proportionate to their investment strategy.

The table below provides a detailed overview of potential exclusions, outlining the rationale for each, along with any relevant thresholds and caveats.

Exclusion	Description and Rationale	Excluded activities	Tolerance
Activities prohibited by legal instruments	Activities prohibited by national or international legal instruments	All	No
Adult entertainment	Associated with social risks that degrade human rights and dignity, potentially promoting negative behaviours that involve physical and/or emotional duress and even violence, particularly against women.	Production, operations, support, or ownership	Yes - if ancillary to primary operations
Alcohol	Alcohol is associated with significant health risks and harms. Worldwide, around 2.6 million deaths were caused by alcohol consumption in 2019 (WHO, 2024).	Production or trade	Yes - if ancillary to primary operations
Asbestos fibres (unbonded)	Asbestos is a known carcinogen and poses severe health risks. Exposure to asbestos fibres can lead to serious diseases such as asbestosis, lung cancer, and mesothelioma. The exclusion does not cover purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%	Production or trade	Yes
Coal (hard coal and lignite)	Coal is a major contributor to greenhouse gas emissions and air pollution, leading to climate change and health problems.	Exploration, mining, extraction, distribution, or refining	Yes
Cloning / gene editing of animals	Cloning and gene editing of animals raise significant ethical questions about animal welfare, natural integrity, and the potential for unintended consequences.	Operations, support, or ownership	Yes - if ancillary to primary operations

Controversial jurisdictions	Investments issued by or mainly listed in countries, companies or related to individuals or other entities in a particular country identified and as specified by the United Nations Security Council Sanctions, and those high-risk jurisdictions subject to a "Call for Action" (currently Iran, and North Korea) identified by the Financial Action Task Force.	All	No
Controversial weapons and munitions	Controversial weapons, including anti-personnel mines, cluster munitions, chemical, biological weapons, white phosphorus, depleted uranium weapons and nuclear weapons, are indiscriminate and cause excessive injuries, often resulting in civilian casualties and disproportionate pain. They also pose long-term risks to civilian populations due to unexploded ordnance that can detonate long after initial use.	Production or trade	No
Conventional weapons and munitions	The use of firearms by civilians poses a significant threat to society, as there is a substantial risk that these weapons and munitions may be used illegally or indiscriminately, leading to mass injury or death.	Production or trade	Yes - if ancillary to primary operations / used for NATO countries
Electricity generation with more than 100g CO2e/kWh GHG intensity	This is the limit on the intensity of greenhouse gas set by the EU Taxonomy Regulation.	Generation	Yes
Fossil fuels	Fossil fuels are a major source of greenhouse gas emissions, contributing significantly to climate change and air pollution.	Exploration, extraction, distribution, or refining	Yes - if ancillary to primary operations
Gambling, casinos, and equivalent enterprises	Gambling poses a considerable risk of generating direct negative social impacts, particularly addiction and over indebtedness.	Operations, support, or ownership	Yes - if ancillary to primary operations
Indigenous land	Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.	Production or activities	No
Land use based on deforested land	Deforestation leads to loss of biodiversity, disruption of ecosystems, and contributes significantly to climate change through the release of stored carbon dioxide.	Production or activities	No
Minerals: conflict minerals / deep sea mining	Conflict minerals are often associated with human rights abuses, including forced labour, child labour, and funding of armed conflict. Investing in these minerals can indirectly support these violations. Deep-sea mining poses significant risks to marine ecosystems, including destruction of habitats, loss of biodiversity, and pollution of the ocean environment.	Production or activities	No
Nuclear power generation	Risks related to the storage of nuclear waste, severe incidents, and nuclear proliferation. Incidents associated with nuclear power can be extremely serious. Radioactive waste has an exceptionally long lifespan and can be difficult to store safely	Production or trade	Yes - if ancillary to primary operations

Palm oil from pre-1994 plantations	Many pre-1994 plantations were established through deforestation, leading to significant habitat loss for wildlife, including endangered species. While this exclusion would be covered by "land use based on deforested land", we keep it for completeness.	Production	Yes - if ancillary to primary operations
Pharmaceuticals subject to international phase outs or ban	Pharmaceuticals that are subject to international phase-outs or bans are typically those that have been found to pose significant health risks. The extraction, use, and disposal of radioactive materials can lead to severe environmental contamination, which is challenging and costly to remediate.	Production or trade	Yes – in the case of phase outs if ancillary to primary operations and being phased out
Radioactive materials	Radioactive materials pose significant health and safety risks due to their potential to cause radiation sickness, cancer, and other severe health issues in humans. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is trivial and/or adequately shielded.	Production or trade	Yes
Tobacco	Tobacco has substantial negative social and economic impacts and is regarded as the leading preventable cause of death. The WHO estimates that more than eight million people die prematurely yearly from tobacco use (WHO, 2023).	Manufacturing tobacco products, and the supply, distribution, or retail sales of tobacco products	Yes - if ancillary to primary operations
Unsustainable fishing	Unsustainable fishing practices can lead to overfishing, habitat destruction, and a decline in marine biodiversity.	Drift net fishing in the marine environment using nets in excess of 2.5 km. in length	No

7.2 Minimum Safeguards and Do No Significant Harm

The table below provides an overview of the selected minimum safeguards, to avoid or mitigate negative impact and to do no significant harm[5], outlining the description and rationale for each.

Minimum safeguards	Description and Rationale
UN Guiding Principles on Business and Human Rights	Normative framework guiding responsible business conduct and addressing human rights abuses in business operations and global supply chains. Comprising 31 principles, the UNGPs are organized under three pillars — Protect, Respect and Remedy. The three pillars define the duties of States and businesses to protect human rights.

[5] Do No Significant Harm (DNSH) is a principle closely related to the EU Sustainable Finance Disclosure Regulation (SFDR). EBA, et al. (2024) mentions "Are financial market participants allowed to define their own substantial contribution criteria for socially sustainable investments? Can a single financial market participant apply different interpretations of "sustainable investments" to different financial products that it offers? It is possible for financial market participants to create their own framework for their financial products as long as they adhere to the letter of Article 2(17) SFDR. Financial market participant should not, however, interpret Article 2(17) SFDR differently for different financial products that it makes available.

	Each pillar provides a set of actionable steps to ensure the protection of human rights within the context of business operations.
OECD Guidelines	The OECD Guidelines set standards for responsible business conduct across a range of issues such as human rights, labour rights, and the environment. The OECD Guidelines also establish an international system of government-backed grievance mechanisms to help resolve disputes between companies covered by the OECD Guidelines and individuals or groups harmed by irresponsible business conduct.
ILO Declaration of Principles concerning Multinational Enterprises and Social Policy	The MNE Declaration is the only ILO instrument that provides direct guidance to enterprises (multinational and national) on social policy and inclusive, responsible, and sustainable workplace practices. Its principles address to multinational and national enterprises, governments of home and host countries, and employers' and workers' organizations providing guidance in such areas as employment, training, conditions of work and life, industrial relations as well as general policies. The guidance is founded on principles contained in international labour standards.
ILO Declaration on Fundamental Principles and Rights at Work	An expression of commitment by governments, employers' organizations, and workers' organizations to uphold basic human values - values that are vital to our social and economic lives. It affirms the obligations and commitments that are inherent in membership of the ILO, namely: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; the elimination of discrimination in respect of employment and occupation; and a safe and healthy working environment.
IFC's Performance Standards on Environmental and Social Sustainability	Together, the eight Performance Standards establish standards to be met throughout the life of an investment by IFC: (1) Assessment and Management of Environmental and Social Risks and Impacts; (2) Labor and Working Conditions; (3) Resource Efficiency and Pollution Prevention; (4) Community Health, Safety, and Security; (5) Land Acquisition and Involuntary Resettlement; (6) Biodiversity Conservation and Sustainable Management of Living Natural Resources; (7) Indigenous Peoples; (8) Cultural Heritage.

Please review section 11.4 for the frameworks, standards, and taxonomies reviewed to develop the above minimum safeguards.

Investors should aim at managing their negative social impact and do no significant harm. The creation of positive impact within the social themes cannot be done at the expense of (hidden) negative social or environmental impact. The positive impact does not offset any negative impact, and each should be reported transparently. Potential negative impacts should be assessed against the scope of social themes and environmental dimensions, as the latter may be a regulatory requirement applicable to the investment product.

8 Areas for Future Research

Strengthen the Framework through Further Consultations and Case Studies

Our consultations were invaluable to understand perspectives of other market participants and strengthen the framework in this paper. Nevertheless, we consider it vital to expand the consultations to include a wider range of stakeholders, including but not limited to foundations, development finance institutions, institutional investors, fund-of-funds managers, family offices, civil society actors.

As part of this research, we assessed how existing funds would be classified under our framework. With exception to mission-driven funds, which comply with high regulatory reporting and disclosure requirements, we experienced difficulties to gather sufficient data on sectoral funds with a social theme (food, agriculture, education, healthcare, housing, water) to classify these funds. With the launch of the Accelerating Impact's International Social Finance Accelerator programme and LuxFLAG's Social Impact Label, it will greatly help to review and analyse social investments according to our framework. Creating case studies around these financial products would allow the framework to identify more social activities and include them as examples.

Validate the Potential of the AAAQ Toolbox

While we believe in the power of the AAAQ Toolbox, case studies that extend its application beyond its original sectoral focus would further validate its use and support its adoption as part of our framework. However, other frameworks are available and show equally good result.

Map UN SDGs to the Social Investment Framework

While we provided a high-level mapping of our Social Investment Framework with the United Nations Sustainable Development Goals, we recognize that other initiatives have already mapped their theme or sub-theme in much greater detail. Integrating these pieces together into a unified mapping would ensure consistency and coherence, making it easier for stakeholders to understand and apply the different frameworks.

Map Social Impact Metrics to the Social Investment Framework

While not in scope of this research paper, we performed an initial assessment of reporting metrics of various frameworks, taxonomies, and labels. None of the reviewed frameworks listed specific KPIs, though some gave example KPIs (such as the Sustainability Bonds Framework, the Just Transition Criteria).

We consider it an important next step to map the existing catalogue of impact metrics / indicators for social investments to the framework. Much work has already taken place by stakeholders within their focal areas / themes. This mapping would foster the development of standardized metrics, which are essential for measuring and comparing the performance of social impact investments. Furthermore, adopting existing best practices by stakeholders and integrating it into a unified mapping would help identify any gaps or overlaps.

Create Unified Environmental and Social Exclusions and Safeguards

The proposed exclusion list and minimum safeguards need to evolve into a comprehensive, unified policy that addresses both environmental and social aspects. While we recognize that stakeholders have conflicting views on some exclusions, many elements can be harmonized.

This research limited itself to cover a subset of frameworks and standards that might be applicable with regard to exclusions and safeguards. Similarly, many stakeholders have created and tested frameworks within their areas of action. For instance, Cerise+SPTF's Universal Standards for Social and Environmental Performance Management (Cerise+SPTF, 2022) constitutes a detailed resource for financial service providers in the inclusive finance space, which can be adjusted for further universal adoption.

Further review would be needed to yield a unified list of environmental and social exclusions and safeguards.

9 Conclusion

By delving deeply into existing literature and mapping the social financial product landscape, to craft a definition for Social Impact Investing and build the Social Investment Framework, we gained an appreciation for the relativity of these concepts and the underlying terms, which depend on the context and the stakeholders involved.

We hope our proposed framework will enable practitioners to, not only, grasp and adequately evaluate how a project uniquely delivers a solution that is truly available, accessible, acceptable and of sufficient quality, but, also, settle on a common language to convey the positive impact of such a project.

We hope that this framework or its future successors will encourage the growth of capital flows toward social objectives as well as inspire the inclusion of social objectives into existing capital flows, to make all these investments more resilient.

We call on the greater impact finance community, and beyond, to continue developing this framework in open collaboration. We would welcome a diversified stakeholder group to develop the concepts described in this research paper in further detail.

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11 Appendices

11.1 Existing Definitions of Social Impact Investing

To develop a clear and widely accepted definition of social impact investing, it is essential to examine how related terms are defined and explained within existing taxonomies, frameworks, and reports on social impact and social finance. The following table offers a selection of these definitions, with key terms color-coded to highlight the specific topic areas addressed in each definition or explanation.

This approach helps provide a comprehensive understanding of how social impact investing is conceptualized across different contexts and enables a clearer path toward a universally accepted definition.

LEGEND		
Impact intentionality	Financial return expectations	Included activities
Transparency and reporting	Target populations	Safeguards or exclusions

Source	Key term	Definition
European Social Entrepreneurship Fund (EuSEF) Label (European Union, 2019)	Social Entrepreneurship Fund	A social entrepreneurship fund is one that directs their investments to social businesses. A social undertaking should be defined as an operator in the social economy, the main objective of which is to have a social impact rather than to make a profit for its owners or shareholders. It operates by providing goods and services for the market and uses its profits primarily to achieve social objectives. It is managed in an accountable and transparent manner, in particular, by involving employees, consumers and stakeholders that are affected by its commercial activities.
EU's High Level Expert Group on Scaling Up Sustainable Finance in Low- and Middle-Income Countries (2024)	Social Finance	Social Finance is private capital mobilised to address social challenges in LMICs, from health, housing, and basic infrastructure to food security and socio-economic advancement. The working group proposes two potential definitions without finalizing which is most appropriate: - Assessing social impact and <u>mitigating social harm</u> in all investments, regardless of the investment's particular goal. - Actively funding activities with a substantial positive contribution to social objectives
EU's Sustainable Finance Disclosure Regulation	Sustainable Investment	A 'sustainable investment' means an investment in an economic activity that contributes to an environmental objective.... or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to

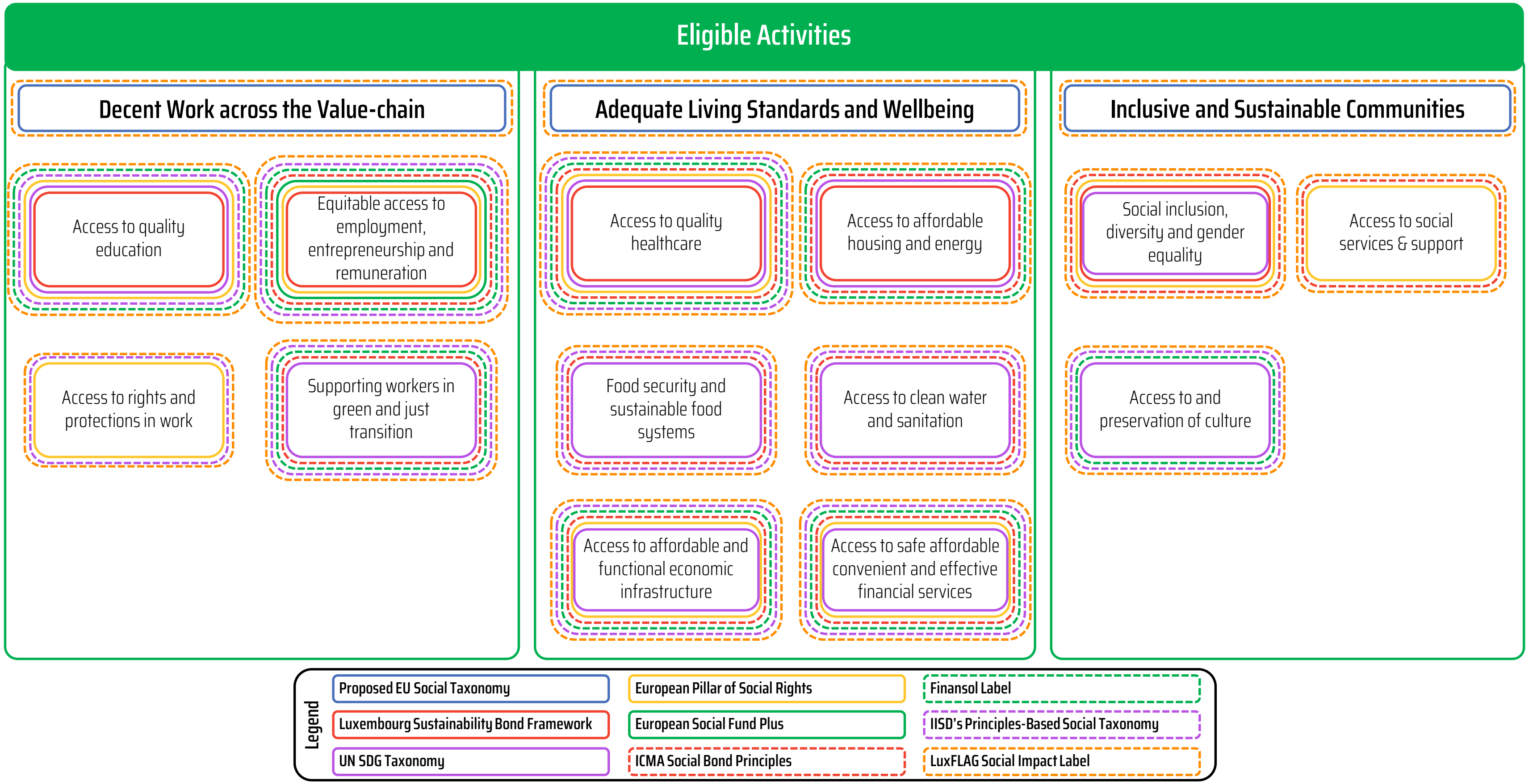
(European Union, 2019)		tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance;
European Sustainable Investment Forum (Eurosif, 2024)	Impact-Aligned Investments	Alongside their financial risk and return objective, Impact-Aligned investments have the objective and strategy of contributing to positive social or environmental real-world changes by aligning with positive impacts of investees or assets. They use binding positive and negative screening to implement this objective.
European Sustainable Investment Forum (Eurosif, 2024)	Impact-Generating Investments	Impact-generating investments have an objective and a strategy of contributing to positive real-world impacts through their investment process alongside their financial risk and return objective. They use negative and either positive screening or stewardship to implement their investment objective.
Final Report on EU Social Taxonomy (Platform on Sustainable Finance, 2022)	Social Investment	The definition is provided in the form of the taxonomy itself, which lists three main objects as well as sub-objectives and activities.
Finansol (FAIR 2024)	Social Impact Finance	Social Impact Finance means investments or financing within impact finance where priority is intentionally given to a social and environmental benefit, and whose impact is measurable through an ongoing evaluation process. All this, while seeking to preserve the invested capital and achieve a return greater than or equal to zero that is compatible with the nature of the financed project. This type of finance promotes sustainable and inclusive development in France and abroad, by mobilising financial resources that are committed primarily to having a positive societal impact. It forges a link between investors in the context of their civic engagement and projects with a strong social and environmental mandate implemented by associations, enterprises, or natural persons. This link can be established directly through funding bodies or through socially responsible funders.
GIIN Guidance on Pursuing Impact in Listed Equities (2024)	Impact Investing	Investments that are made with the intention to generate positive, measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market to market rate, depending on investors' strategic goals.

		The growing impact investing market provides capital to address the world's most pressing challenges in sectors such as sustainable agriculture, renewable energy, conservation, microfinance, and affordable and accessible basic services including housing, healthcare, and education.
Global Steering Group for Impact Investing (GSG Impact, 2024)	Impact Investments	Impact investments aim to deliver solutions at scale to our world's biggest issues, optimising risk, return and impact to benefit people and the planet. It does so by setting specific social and environmental objectives alongside financial ones and measuring their achievement.
ICMA Social Bonds (ICMA, n.d.)	Social Bonds	Social bonds are use of proceeds bonds that raise funds for new and existing projects with positive social outcomes. The cornerstone of a Social Bond is the utilization of the proceeds of the bond for eligible Social Projects which should be appropriately described in the legal documentation of the security. All designated eligible Social Projects should provide clear social benefits, which will be assessed and, where feasible, quantified by the issuer.
International Finance Corporation (IFC, n.d.)	Impact Investing	Impact investing is an approach that aims to contribute to the achievement of measured positive social and environmental impacts. It has emerged as a significant opportunity to mobilize capital into investments that target measurable positive social, economic, or environmental impact alongside financial returns. [...] Many are adopting the SDGs and other goals as a reference point to illustrate the relationship between their investments and impact.
III Just Transition Criteria (Impact Investing Institute, 2023)	Socio-economic distribution and equity	While the Just Transition Criteria largely covers environmental concerns, it also has a subsection on "Socio-economic distribution and equity", described as: Positive climate and environmental outcomes must be complemented with those that support the needs of people. Investments should not entrench or exacerbate existing burdens for vulnerable or marginalised groups. Products should be accessible, and local communities should be included in fair opportunities and jobs. They must also ensure that the goods and services they produce are affordable, and that costs and profits are evenly distributed, globally and regionally.
Luxembourg Social Bonds Framework (Government of the Grand Duchy of Luxembourg, 2020)	Social Bonds	Social Bonds where an amount equal to the net proceeds will be exclusively used to (re)finance eligible expenditures falling within the Eligible Social categories,

LuxFLAG	Social Impact Label	The financial product must have a strategy enabling the generation of a positive and measurable social impact alongside a financial return, in line with its sustainable investment objective(s). The social impact strategy must focus on Social Impact Themes, with the intention to contribute to decent work, adequate living standards and wellbeing, and/or inclusive and sustainable communities. The financial product has at least 50% of its total assets that contribute to one or more of the Social Impact Themes, and shall be assessed through an impact measurement and management system aligned with best practices. The financial product will conduct initial due diligence, ongoing monitoring on Environment, Social, and Governance (ESG) characteristics on 100% of investments. The financial product applies exclusionary criteria in line with international standards or frameworks.
The 5 Ws of Impact Investing (EIIC, 2024)	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.
UNDP Istanbul International Centre for Private Sector in Development (UNDP, n.d.)	Impact Investing	Impact investing is defined as the deployment of funds into investments that generate a measurable and beneficial social or environmental impact alongside a financial return on investment. An innovative way of boosting the private sector's contribution to sustainable development can be achieved with impact investing.

11.2 Mapping Eligible Activities from Existing Frameworks with the Social Investment Framework

Our proposed Social Investment Framework is based on the high-level objectives of the proposed EU Social Taxonomy structure as the organizational basis, which are further divided into sub-themes based on other frameworks we have reviewed.



11.3 Mapping the UN SGDs with the Social Investment Framework

Social Investment Framework		SDGs																
Themes	Sub-Themes	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Decent Work across the Value-chain	Access to quality education				X													
	Equitable access to employment, entrepreneurship, and remuneration					X			X		X							
	Access to rights and protections in work								X								X	
	Supporting workers in green and just transition								X				X					
Adequate Living Standards and Wellbeing	Access to quality healthcare			X														
	Access to affordable housing and energy							X				X						
	Food security and sustainable food systems		X										X					
	Access to clean water and sanitation						X											
	Access to safe affordable convenient and effective financial services	X							X		X							
	Access to affordable and functional economic infrastructure									X		X						
Inclusive and Sustainable Communities	Social inclusion, diversity, and gender equality					X					X						X	
	Access to social services and support	X		X							X						X	
	Access to and preservation of culture				X							X						

11.4 Mapping Exclusions and Safeguards from Existing Frameworks with the Social Investment Framework